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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATIONS FOR 1987

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON HUD—INDEPENDENT AGENCIES

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PART 2

VETERANS ADMINISTRATION

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATIONS FOR 1987

TUESDAY, MARCH 4, 1986.

VETERANS ADMINISTRATION

WITNESSES

EVERETT ALVAREZ, JR., ACTING ADMINISTRATOR

SUSAN LIVINGSTONE, ASSOCIATE DEPUTY ADMINISTRATOR FOR MANAGEMENT

DONALD L. IVERS, GENERAL COUNSEL

DAVID A. COLE, ASSOCIATE DEPUTY ADMINISTRATOR FOR CONGRESSIONAL AND INTERGOVERNMENTAL AFFAIRS

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ROBERT L. NEARY, JR., DIRECTOR, FACILITY PLANNING SERVICE, DEPARTMENT OF MEDICINE AND SURGERY

WILLIAM D. FOTE, DEPUTY DIRECTOR, OFFICE OF CONSTRUCTION

GERALD E. NEUMANN, DIRECTOR, PROGRAM CONTROL AND ANALYSIS, OFFICE OF CONSTRUCTION

Opening Remarks

Mr. Boland. The committee will come to order.

We are delighted to have with us the Veterans Administration. We are particularly pleased to have the Acting Administrator, Mr. Everett Alvarez, Jr.

We have two other employees of the Veterans Administration that have been upgraded. Let's see. Ray Vogel, you have been with the VA for some time, haven't you?

Mr. Vogel. Yes, sir. For quite some time, sir.

Mr. Boland. Don Ivers, where are you? Have you been with them, too?

Mr. Ivers. No. I came almost a year ago.

Mr. Boland. Do you know anything about the law? You will learn it with this Administration.

Anyway, we are glad to have both of you here and all of the other staff and members that are accompanying you.

We will include their names in the record. We are delighted to have Connie Hoffman again. He is almost a fixture on your side of the table.

This year the Administration is looking for the Veterans Administration an appropriation for 1985 of $26,387,000,000; in 1986, $26,230,373,553; and the request this year, as I understand, is $25,639,561,000.

The number of employees you are requesting in FY 1987 is 213,338, a reduction of about 7500 from last year.

Why don't you go ahead with your statement, Mr. Administrator. Incidentally, let me ask you, is Mr. Turnage's recommendation up on the Hill now?

Mr. Alvarez. No, Mr. Chairman. As I understand it is going to be going up later on this week.

Mr. Boland. All right. Thank you very much. Why don't you go ahead with whatever statement you have and then we will get into some of the questions.

Mr. Alvarez. Thank you, Mr. Chairman. I would like at this time to submit my prepared statement for the record and summarize the statement.

Mr. Boland. That is fine.

[The statement of Mr. Alvarez follows:]

STATEMENT OF THE HONORABLE EVERETT ALVAREZ, JR.
ACTING ADMINISTRATOR OF VETERANS AFFAIRS

BEFORE THE
SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES
OF THE
HOUSE COMMITTEE ON APPROPRIATIONS
MARCH 5, 1986

Thank you Mr. Chairman. Mr. Chairman and Members of the Committee. I am grateful for the opportunity to appear before you today to discuss the Veterans Administration 1987 budget.

As you are fully aware, the passage of PL 99-177, or the Gramm-Rudman-Hollings amendment, requires a balanced budget by 1991 with actions to be taken beginning in 1986 to achieve this long range balanced budget goal. I would like to point out that the Veterans Administration, in relation to other government activities, has again been treated fairly in the overall distribution of budgetary resources. The Compensation and Pensions programs are totally exempt from sequestration. The Medical Care account has been partially exempted from the full effects of sequestration.

With respect to the 1986 sequestration of administrative programs, we are considering a variety of options to achieve necessary outlay reductions. These options include staff reductions which could be pursued through attrition and reprogramming actions to avoid furloughs. A hiring freeze has been implemented. In addition, we are being more conservative in our managing of the agency's non-personnel compensation funding categories. It is our objective to redistribute any savings realized from these efforts to offices which are having difficulty in absorbing the reduction. A reprogramming between DVB GOE subactivities and GOE General Administration is anticipated and certain benefits accounts will also be candidates for reprogramming between sub-activities. Reprogrammings may also be proposed within the medical and construction activities. At this time, we believe that, as a result of these actions, we will be able to meet the reductions required by PL 99-177 while maintaining a continued high quality of service to our nation's veterans.

I will now summarize the VA's 1987 request.

This year's budget calls for $26.6 billion in new budget authority. This total comprises $25.6 billion appropriation request, $174.9 million for proposed legislation, and $801 million in permanent authorizations. The budget proposes two major reforms that would better target Veterans Administration benefits and resources to service-connected veterans and to low-income veterans. First, a comprehensive reform of medical care eligibility would sustain quality care, while maintaining medical care at no charge to veterans with service-connected disabilities and lower-incomes. Second, the budget proposes to restructure and enhance long-term care policy to make greater use of VA-sponsored State and community nursing home care programs and non-institutional programs.

The following highlights the request for major accounts.

Compensation

The 1987 appropriation request for this account is $10.4 billion. This dollar amount is based upon an estimated veteran caseload of 2.2 million and a survivor caseload of 326 thousand. This caseload reflects a reduction of 14,500 veterans and 6,300 survivors from the 1986 level. The funding level includes the full year impact of a 3.1 percent cost of living increase that was effective on December 1, 1985. A program supplemental of $272 million is requested to support this cost of living increase in 1986.

Legislation is being proposed to provide for a 3.7% cost-of-living increase in compensation benefits, the same as the increase proposed for social security, effective with the January 1987 payments. Allowances provided to compensate beneficiaries for dependents and clothing would be adjusted similarly. The number of veterans and survivors of deceased veterans receiving compensation benefits is expected to decline from 2.6 million in 1985 to 2.5 million by 1989. However, because of the proposed cost-of-living adjustment, outlays for compensation benefits are estimated to increase by $305.5 million from $10.4 billion in 1986 to $10.7 billion in 1987.

Pensions

Pensions are provided to low income, wartime-service veterans --combat and non-combat veterans alike--who are 65 and older, or who have become permanently and totally disabled subsequent to their military service. Although the number of veterans age 65 and over is expected to double during the 1980's, the number of pension recipients is expected to decline because veterans over age 65 increasingly have higher incomes.

A 3.1% cost-of-living increase became effective with the January 1986 payments. The 1987 request provides resources for the full year cost of this increase and the estimated impact of a 3.7 percent cost-of-living increase, effective with the January 1987 payments.

The 1987 appropriation request for this program is $3.8 billion, approximately $10 million below the 1986 current estimate. This reduction reflects the continued decline in the pensions caseload. We estimate that veterans caseload will decline by approximately 34 thousand to a new level of 634 thousand in 1987, and that the survivors caseload will also decline by 63 thousand to a new level of 634 thousand. The dollar reductions resulting from the decrease in workload is partially offset by the cost-of-living increases included in the budget request.

Burial Benefits and Miscellaneous Assistance

Under existing legislation, an appropriation request of $134.4 million is requested to support operations in 1987. The increase reflects a higher mortality rate of the aging veteran population as well as a return to the Title 38 benefit payments which were reduced in 1986 in order to achieve the savings required by sequestration of funds.

In addition, legislation will be proposed making the eligibility requirements for the burial plot allowance the same as those for the basic burial allowance. These benefits would be paid to veterans with a service-connected disability, veterans in receipt of a pension, and certain other categories of war-time veterans. Enactment of this legislation would save approximately $31.2 million in 1987.

Readjustment Benefits

An appropriation of $741.2 million is requested in 1987. This funding level reflects a decrease of $136.4 million from the current 1986 funding level. This decrease is due to a decline in trainees as more veterans either pass the 10 year delimiting date or exhaust their education benefits.

In 1986, a program supplemental of $91 million is requested to support higher education, training and specially adapted housing costs than can be supported by the 1986 appropriation. It should be noted that the $91 million program supplemental is required to support estimated operations of the current education program. This supplemental is not requested to offset the impact of sequestration on this program.

As a recruiting incentive, the Department of Defense Authorization Act of 1984 established a test education program with a larger Federal contribution for individuals who enter the military between July 1985 and July 1988. An individual who chooses to enroll upon entering the military will have $100 deducted from his or her monthly pay for 12 months. Upon completion of 3 years service, the individual is entitled to a basic monthly educational assistance rate of $300 per month for up to 3 years, to be paid for with funds appropriated to the VA. Because the Secretary of Defense has determined that this program is unnecessary for recruitment, the administration is proposing legislation to close the Peacetime Veterans GI Bill to new enrollees as of October 1, 1986. The Post-Vietnam Education Assistance program, which matches servicepersons' contributions at a 2 for 1 rate, would be reopened to new enrollees on October 1, 1986. Although the Veterans Administration administers this program for the Department of Defense and the legislation is being proposed by DOD, the impact is included in the Readjustment Benefits and Post Vietnam Education Assistance program budget requests.

Loan Guaranty

In addition to mortagage assistance available to veterans through the Federal Housing Authority (FHA) insurance programs, VA guaranteed and direct loan programs are expected to assist 216,000 veterans in obtaining mortgages in 1987.

The administration is proposing to change origination fees for participation in Federal credit programs. These fees would be large enough to cover servicing costs and provide reserves against future default losses. In line with this initiative, legislation is being proposed to increase the fee charged on VA-guaranteed housing loans and vendee loans from the current 1% to 2% of the mortgaged amount in 1987, increasing to 3.8% by 1990. The borrower would be able to add this amount to the mortgage. Veterans with service-connected disabilities would continue to be exempt from the fee. In 1987, it is anticipated that the 2 percent fee would reduce outlays by $131.8 million. The change would be effective October 1986.

No appropriation is requested for this account in 1987. Estimated obligations of $2.6 billion will be funded by $2.4 billion in offsetting collections, a transfer of $125 million from the Direct Loan Revolving Fund, and a $30 million decrease in unobligated balances.

General Operating Expenses

The budget request for General Operating Expenses is $763.5 million and 18,337 average employment for the operations of the Department of Veterans Benefits, the Department of Memorial Affairs, and the various staff functions of our Central Office.

The Department of Veterans Benefits (DVB) is requesting $515.5 million and 13,000 FTEE in 1987, respective increases of $46 million and 400 FTEE above 1986. The budget proposes that DVB undertake a modernization of its operations to improve cost-effectiveness, accuracy and timeliness of service delivery to veterans. Several other initiatives are included in the budget to improve the management of veterans benefits such as achieving a return on the Federal Government's investment in automated data processing equipment in the form of a decrease in the number of administrative staff, as this equipment increases staff productivity.

The 1987 budget includes $25 million for funding of a comprehensive six-year plan to modernize the benefits delivery systems for which preliminary steps were taken in 1985. Total costs between 1986 and 1991 are estimated to be $153.6 million partially offset by expected savings of $87 million and 863 FTEE. Also included as DVB increases are $13.2 million and 362 FTEE which will be transferred from the Office of Data Management and Telecommunications to place ADP development functions and responsibility with DVB. This submission also proposes to achieve greater efficiency by closing the St. Paul Insurance Center and shifting that workload to the Philadelphia Insurance Center.

The Department of Memorial Affairs is requesting $44.2 million and 1,189 FTEE in fiscal year 1987 for the management of the national cemetery system for eligible veterans, active duty military personnel, and their dependents. This is $2.3 million and 13 FTEE above the 1986 level. It is expected that total interments will increase by 2.8 percent, gravesites maintained will increase by 2.5 percent, and headstone/marker applications processed will increase 2.7 percent over 1986 levels. Over 100 national cemeteries are now open throughout the Nation. The policy goal of providing one large national cemetery per Federal region has now been attained.

In the General Administration activity, the 1987 request is $203.9 million and 4,148 FTEE which is an increase of $2.5 million and a decrease of 377 FTEE from the 1986 level. Initiatives include PAID Redesign software development ($1.5 million), two surveys of veterans ($1.1 million), transfer of functions to DVB from the Office of Data Management and Telecommunications and staff to administer proposed legislation to permit reimbursements from health insurers under certain circumstances ($1.0 million and 25 FTEE).

Medical Care

The Medical Care appropriation request for 1987 is $9.1 billion, a decrease of $43.8 million from the 1986 level. The average employment of 185,192 is a decrease of 7,443 under 1986.

The VA provides medical services, including hospital, outpatient and nursing home care to veterans by operating a nationwide medical care system. In 1987, this system will provide support for an estimated 18.6 million outpatient visits and treat 1.4 million inpatients in VA and community facilities.

The budget provides for other new or expanded initiatives such as the National Disaster Medical System (NDMS); Decentralized Hospital Computer Program (DHCP); Most Efficient Organization (MEO) Studies, Hospital Based Home Care (HBHC); Adult Day Health Care (ADHC) and Medical District Initiated Peer Review Organization Program (MEDIPRO). Facility activation resources have been provided for construction projects that are planned for completion and activation during the fiscal year. The most significant hospital activation replacement projects are Minneapolis, Minnesota and Portland, Oregon.

VA's primary health care mission is to treat veterans for their service-connected disabilities. Currently, most of the system's users are either veterans with service-connected disabilities or low-to-moderate-income veterans. However, many users with no service-related disabilities have a higher income level and should be able to defray some or all of the costs of their medical care. The administration will continue to seek enactment of its comprehensive reform of eligibility for VA medical care. This reform would allow VA to sustain quality care for the most deserving veterans - primarily those with service-connected disabilities and those without resources to defray all or part of their health care expenses.

The 1987 budget includes legislation to require a means test for both veterans over and under age 65. Exempted from this reform would be service-connected veterans and certain other special categories of veterans. This reform would restrict the use of the medical system by non-exempt veterans whose income exceeds twice the VA pension level. This proposal assures fairness of access to care for non-service connected veterans both over and under age 65. The proposal also helps assure that non-service connected veterans who have the greatest need for our service receive a higher priority.

The administration will continue to seek enactment of its proposal to require reimbursement from veteran-held private insurance plans for VA-sponsored care provided to veterans without service-connected disabilities. Health insurance premiums are currently established to cover the insured individual, regardless of veteran status and regardless of any individual veteran's choice of health care provided. Allowing the Government to recover costs would properly shift the burden of paying for VA care of veterans without service-connected disabilities from taxpayers to insurance companies and their policy holders with only minimal effects on premiums. Third party reimbursements are estimated to be $187.5 million in 1987.

In addition, the budget proposes to restructure and enhance VA's long term care policy by increasing resources for non-institutional care programs, which would enable veterans to remain at home when appropriate, and for VA-supported State and community nursing home programs, which are less costly than VA-owned nursing homes. This initiative would move toward the goal of a nursing home care provider mix on a national basis of 30% VA-owned, 40% community, and 30% State, from the current 40%, 40% and 20%, respectively.

VA-owned nursing home beds will continue to increase as previously funded construction projects are completed and excess hospital beds are identified and converted to nursing home use. In some geographic areas, situations may arise in future years that warrant constructing additional VA-owned nursing homes.

The request also provides for targeting travel funds for beneficiaries to provide only for emergency travel needs of veterans who need special transportation, such as an ambulance or a wheelchair van, to get to a VA hospital.

Medical and Prosthetic Research

The 1987 request for Medical and Prosthetic Research is $188.9 million and 4,266 FTEE, an increase of $7.8 million over 1986 and a decrease of 102 FTEE. Medical research will provide funding in heart disease, schizophrenia, spinal cord injury, diabetes, cancer, aging, alcoholism and related problems of Vietnam era veterans, former Prisoners of War and female veterans.

Rehabilitation research funding will provide significant emphasis in priority areas of prosthetics/amputations, spinal cord injury and sensory aids. Health services research will continue its efforts in management and service initiated research and begin a study on an evaluation of the VA adult day health care program.

Medical Administration and Miscellaneous Operating Expenses (MAMOE)

The 1987 request for this program is $42.7 million and 591 FTEE. These amounts reflect the phasing out of the Health Professional Scholarship Program, the transfer of funding for the Office of Facility Engineering, Planning and Construction (FEPAC) to the Construction, minor projects appropriation, the transfer of funding for the Postgraduate and Inservice Training activity (except MAMOE central office staff training) to the Medical Care appropriation, and support for a physician staffing study, uncontrollable inflation and payroll increases, and other program support.

Grants For Construction of State Extended Care Facilities

As part of the long-term care initiative, budget authority of $42.4 million is requested for 1987 for grants to States for the construction or repair of State homes for the care of aging veterans. This increase of $21.6 million is more than double the 1986 level and will enable VA to support 16 grants in 8 States, increasing the total number of States participating by 2, for a total of 36. The increase will reduce the large backlog of unfunded projects and provide 120 additional nursing home beds; 126 convertible domiciliary and nursing home beds and 150 domiciliary beds in 8 states.

Construction

The 1987 request for the two construction appropriations totals $408.2 million. An additional $57 million, available from previous appropriations, will contribute toward a total program level of $465.2 million. Included is $415.5 million for medical facility projects, $3.6 million for the National Cemetery program, $5.0 million for the Staff Offices, $1.9 million for the regional office program, $300 thousand for the Emergency Fund, and $38.9 million for General Administration.

The budget proposes to maintain and upgrade the full network of medical facilities throughout the Nation and, in specific geographic areas, expand capabilities and bed space. Rather than defer maintenance, renovation, and modification of older facilities, the budget continues funding to maintain and upgrade the physical system.

Budget authority of $301 million is requested to support 10 major projects and other maintenance, safety correction, and design activities. Specifically, design funds are requested for Dayton, OH, Bed Replacement and Modernization and North Chicago, Illinois, Environmental Improvements, Patient and Nursing Home Care Buildings. The budget proposes to continue the average rate of construction over the last 10 years, replacing or modernizing two large hospitals each year. In 1987, construction funds are proposed for two large hospital projects in Baltimore, Maryland and Augusta, Georgia. Two new clinical improvement projects are scheduled for construction in Salem, VA and Salisbury, NC.

This budget includes a proposed reorganization of our construction program which would delegate responsibility for construction to the Chief Medical Director. To accomplish this reorganization, 73 positions are being transferred from DM&S Facility Planning under the Medical Administration and Miscellaneous Operating Expenses appropriation to the newly named Office of Facilities, under the construction minor appropriation. To enhance overall project oversight, ten positions will be transferred from construction to the newly established Office of the Associate Deputy Administrator for Management and three positions will be transferred to the Office of Controller to enhance fiscal oversight.

This concludes my prepared statement, Mr. Chairman. My staff and I will be pleased to answer your questions regarding the 1987 budget estimates of the Veterans Administration.

RAYMOND J. VOGEL

Chief Benefits Director

Raymond J. (John) Vogel was named Chief Benefits Director of the Veterans Administration June 1, 1985.

He is the 11th person to head the Department of Veterans Benefits since its inception in 1953. He is responsible for all of the non-medical benefits administered by the VA. The Department's fiscal year 1986 appropriations total nearly $16 billion, about two-thirds of the VA's yearly expenditures.

Through its 58 regional offices, extending from San Juan to Manila, the Department provides services to a potential clientele that totals 82 million people or about 35 percent of the nation's population. Programs include GI Bill education, home loan guaranty, compensation, pension, vocational rehabilitation and insurance.

Vogel joined the Veterans Administration in 1968 as a claims examiner with the Veterans Benefits Office in Washington. He transferred to VA's Education and Rehabilitation Service in 1973, first as a legal consultant and later an education specialist. He moved to Oregon in 1975 as adjudication officer at the Portland Regional Office. Two years later he assumed similar duties in the Washington Regional Office.

He returned to Portland in 1979 as director of the regional office. In 1983 he was named director of the Philadelphia Regional Office and Insurance Center.

Vogel was born in Wheeling, W. Va., August 9, 1940. Following graduation from Central Catholic High School, he entered Wheeling College, earning a bachelor's degree in Political Science in 1962. He later completed graduate study in Governmental Administration at George Washington University. He also has pursued graduate level study at the University of West Virginia College of Law and the Judge Advocate General School at the University of Virginia.

A service-disabled veteran, he completed a two-year Army enlistment in 1965.

Vogel is a member of the major veterans organizations and the Knights of Columbus. His leisure interests include golfing and fishing. He and his wife, Georgia, have three children, Ray, Matt and Anne.

DONALD L. IVERS
GENERAL COUNSEL
VETERANS ADMINISTRATION
WASHINGTON, D.C.

On March 17, 1985, Donald L. Ivers was appointed General Counsel of the Veterans Administration.

Prior to his appointment, Mr. Ivers was Counselor to the Secretary of Transportation and Chairman of the Secretary's Safety Review Task Force. He was also Chief Counsel of the Federal Highway Administration. Prior to his appointments with the Department of Transportation in May 1981, Mr. Ivers served as Chief Counsel for the Republican National Committee and was active in the 1980 Presidential Campaign and in the Reagan Administration transition, in charge of the transition team for the Federal Maritime Commission.

In his capacity as General Counsel of the Veterans Administration, Mr. Ivers directs a nationwide legal staff of some 680, including 360 attorneys. His office is responsible for providing legal advice and services to the Administrator and to the nationwide VA staff of some 221,000 with a total budget of more than $26 billion.

From 1972 to 1978, Mr. Ivers was an attorney with the firm of Brault, Graham, Scott, and Brault in Washington, D.C., specializing in civil litigation.

Born May 6, 1941, in San Diego, California, Mr. Ivers attended New Mexico Military Institute and the University of New Mexico. He earned his law degree from American University, Washington, D.C., and pursued graduate legal studies at Georgetown University, Washington, D.C. He is a 1982 graduate of Harvard University's Senior Managers in Government course.

He served on active duty in the United States Army from 1963 to 1968, with assignments in the United States, Germany, and Vietnam. He is now a member of the U. S. Army Reserve and was recently selected for promotion to lieutenant colonel.

Mr. Ivers is a member of the Federal Bar Association, the Bar Association of the District of Columbia, Delta Theta Phi law fraternity, and the Reserve Officers' Association. He is admitted to practice before the Supreme Court of the United States, among other courts.

Mr. **Alvarez**. Once again, I am grateful for the opportunity to be here this morning to discuss the Veterans Administration's budget for 1987.

As we are all aware, Public Law 99-177 requires a balanced budget by 1991. Actions to achieve this long-range goal are already being taken in 1986.

As you also know, the 1987 package is formulated to meet the deficit target of $144 billion without raising taxes. The fiscal year 1987 budget request reflects the VA's share of that plan—$26.6 billion.

In this budget you will note that the Medical care budget portion reflects a shift in long-term care policy, calling for increased resources for non-institutional care and for VA-supported State and community nursing home care programs. Within our medical centers it reflects greater emphasis on conversion to nursing home beds.

Agency-wide, this budget reflects our continuing emphasis on modernization, a program which is key to our future operations. This can be described as a tough budget. For the VA, that means we have to try in earnest to get the most out of every dollar.

We are fully aware that VA programs fulfill real needs, and our obligation to carry out effective programs has not diminished in any way. We will continue to provide quality care to our veterans who deserve no less.

I believe it is important to point out that the VA has once again been treated fairly in the overall distribution of resources.

We are pleased that Congress and the President have exempted three major VA programs from some of the effects of Gramm-Rudman.

Compensation and pensions are entirely exempt from sequestering, and the Medical care account has been partially protected. We are convinced that these exemptions represent a strong commitment from both you and the President to provide to American veterans the benefits they have earned.

IMPACT OF 1986 SEQUESTRATION

If I may, I would like to address for a moment some effects of the fiscal year 1986 sequestering.

Public Law 99-177 will affect readjustment benefits, burial benefits, and insurance.

Education payments under the GI bill and payments for vocational rehabilitation and dependents' education assistance will decrease. Plot allowances and burial benefits will also be reduced.

The insurance program will be affected by cancellation of the previously scheduled loan interest rate reduction.

We are considering a variety of options to achieve necessary reductions in outlays. In addition to attrition of personnel, certain reprogramming actions should help.

We plan to reduce cash awards and employee travel. We have implemented a hiring freeze. We are carefully managing our nonpayroll categories to the extent necessary to avoid adverse personnel actions. These steps will be closely monitored within the Agency.

In doing so we intend to redistribute any savings realized to those offices having the most difficulty absorbing the reductions.

Reprogramming is anticipated between DVB–GOE and GOE general administration. Certain benefits accounts will also be considered for reprogrammings as will some medical and construction activities.

We believe these actions will enable us to meet the required reductions and still maintain a high level of service to our nation's veterans.

FISCAL YEAR 1987 REQUEST

I will now highlight the VA's 1987 request, which calls for $26.6 billion in new budget authority.

The largest portion of the budget request continues to be for benefits programs which at $15.4 billion constitute 59 percent of the total. Proposed legislation in this area calls for a 3.7 percent cost of living increase for compensation and pension recipients to be effective December 1, 1986.

The Medical care budget of $9.1 billion shows a decline of $46 million from the 1986 level which was adjusted to reflect the impact of Public Law 99–177. Medical care employment is projected to decline 7,542 from the 1986 level of 192,635.

Even with these reductions the budget will provide for treatment of approximately 1.4 million inpatients and over 18.6 million outpatient visits.

The VA will continue to meet the demand for quality medical care for veterans who are service-connected or who have low incomes.

Our ability to meet that demand effectively and equitably requires some refinement of eligibility criteria. In the past Congress recognized the need to legislate a set priority system for provision of VA medical care. It is once again time to focus on just what criteria should apply in what order.

We have given this much thought and our conclusions are embodied in two legislative proposals which will better target benefits and resources to service-connected and low-income veterans.

One legislative proposal would remove age as a determinant in eligibility for medical care and establish income guidelines to measure financial need. Use of the VA medical system would be restricted for most nonservice-connected veterans whose income exceeds twice the VA pension level.

Legislation is also included to obtain third party reimbursement in the case of insured veterans with nonservice-connected disabilities. Reimbursements for 1987 are estimated at $187.5 million.

GENERAL OPERATING EXPENSES

The General Operating Expenses request is for $763.5 million and 18,337 average employment to operate the Department of Veterans' benefits, Department of Memorial Affairs, and various staff functions in central office. The modernization effort which was conceived last year will have its first full year of implementation in 1987. The Department of Veterans' Benefits will take over responsibility for ADP development for its programs and the corresponding 362 positions will be transferred to DVB from the Office of Data Management and Telecommunications.

We have also included a proposal to close the St. Paul Insurance Center, transferring its workload to Philadelphia. When completed in 1988, the transfer should result in recurring annual savings of $1.3 million.

CONSTRUCTION REQUEST

The 1987 request for the two construction appropriations totals $408.2 million. A program level of $465.2 million will be supported with $57 million available from previous appropriations.

Included in the request are ten major projects at medical facilities. The projects range from full funding of replacements at Baltimore and Augusta to initial funding for modernization at Dayton and North Chicago. The construction program continues to emphasize correction of life safety and other code deficiencies.

This budget also contains a proposal to transfer to the Chief Medical Director responsibility for the Agency's construction program. To accomplish the reorganization, 73 positions would be moved from the MAMOE appropriation—DM&S facility planning—to the Office of Facilities—formerly Office of Construction—which is under the Construction, minor appropriation.

This concludes my statement, Mr. Chairman. My staff and I will be pleased to answer your questions at this time.

MEDICAL CARE STAFFING

Mr. **Boland**. Thank you very much. Before we actually get into the budget, let me ask a few questions with reference to staffing, particularly in the hospitals. Over the years, of course, this Committee has tried to provide sufficient funds to support the necessary staffing at VA medical centers. I don't think I have ever heard anyone say that the VA hospitals were over-staffed. Many hospitals, and our staff have visited a number of the hospitals throughout the country, have staff shortages, particularly in the nursing care area.

To undo the increases in staffing that have occurred over the years, as the 1987 budget proposes, is in our judgment the wrong direction in which to go. That is primarily due to the fact there is a growing demand for VA medical care, due to the increased number of aging veterans. While we may not be able to increase the staffing at the hospitals or throughout the medical system, I think we ought to express our concern.

I think the VA ought to express its concern at efforts to reduce the staffing. In 1984 we provided $40 million above the 1984 supplemental request for increased pay costs for medical care to maintain staffing. The 1985, the HUD-Independent Agencies Appropriation Act contained funds to support 193,941 FTEs. Although the 193,941 FTEs were allocated to the VA, insufficient increased pay cost funds were requested to fund an employment level above 191,849.

The proposed reduction of 2,092 FTEs resulted primarily from VA's proposal to absorb $106,695,000 of the $179,219,000 required to cover increased pay costs in 1985; is that correct?

Mr. **Hoffman**. That is correct, sir.

Mr. Boland. Then last year, on February 19, I wrote a letter to the VA urging that the 193,941 staffing level be maintained. The letter indicated that in order to maintain that particular level, we would provide $80 million in 1985 for Medical care. In order to avoid the FTEs being reduced prior to receiving the additional funding, the VA was asked to instruct its hospital directors to keep employment at the 193,941 level through the reallocation of other resources.

On May 22 of 1985, the Committee reported a bill with the additional $80 million. The Senate Committee recommended $50 million on June 13, and the 1985 Supplemental Appropriation Act, with the $80 million included in it, cleared Congress on August 1st.

Unfortunately, the VA did not achieve the 193,941 staffing level in 1985. The 1985 actual FTE was 193,229. That is reflected on page 24–21 of your justification.

In fact, the VA did not use $34,312,000 of that supplemental appropriation for personnel compensation and benefits. Those funds were carried forward into 1986; is that correct?

Mr. Hoffman. That is correct.

DEFICIENCY IN 1985 EMPLOYMENT GOAL

Mr. Boland. Why were you not able to achieve that particular staffing level of 193,941 in 1985? You had the funds to support that average employment level and yet you didn't reach it.

Dr. Ditzler. I think the problem, Mr. Chairman, is although we knew we were getting relief, that was almost too late in time to have accomplished it, since we were also spending money for drugs and other items that were important in running the hospital.

Mr. Boland. Well, we had indicated early on that $80 million would be made available. You could have made the decision at an earlier time when we assured the VA that we would get $80 million of supplemental funding.

Dr. Ditzler. Mr. Chairman, I would like to have Dr. Gronvall address that.

Dr. Gronvall. Mr. Boland, you accurately portrayed the sequence of events. At the time we first had the indication from the Committee you intended to provide the supplemental, our employment was considerably below the 193,941 level. We did send a positive message to the field that the Congress intended to provide supplemental funds.

At that point in early spring we transferred approximately $50 million from our equipment funds for allocation to the field to encourage additional employment. We fell short of the exact goal of 193,941, but we came, I think, quite close to it. We ended the year at 193,229.

When we received the supplemental funds we first restored the funds borrowed from the equipment accounts. The remaining funds were allocated to personal services. In that sense, all of the supplemental money that we received was allocated to support the medical centers personal services requirements and other associated costs.

An unanticipated event occurred late in the year which we had not planned on and that was that our full experience in average salaries turned out to be lower than we had projected early in the year. This was the principal reason why all of the $80 million was not needed for the salary accounts and $34 million was carried over into FY 1986.

We ended the year with the average salary experience being a couple of hundred dollars lower than we had projected at the beginning of the year, so those funds turned out not to be needed. We had encouraged the medical centers to employ staff and they were doing that, so the funds that were needed for actual salaries then were expended and the remainder was carried over into the 1986 year.

Mr. **Boland**. Isn't $34 million a pretty hefty carry over though?

Dr. **Gronvall**. Yes, except if you take an average salary differential of just one or two hundred dollars on nearly 200,000 individuals, it amounts to a large amount of funding. When we first realized that our average salary experience was not up at the level that we had projected, we made the Committee staff aware of that.

I believe the final figure was that our average salary ran 300-some-odd dollars below what we had projected at the beginning of the year.

I might also just mention for the record that the General Accounting Office has done a special investigation of all of the events and the decisions made in the VA and elsewhere about staffing and employment levels. The information has been reviewed by GAO and although they haven't issued their final report, we have been informed that they believe that the decisions we made sequentially through the year were appropriate based on the information we had at each step along the way.

CURRENT EMPLOYMENT LEVEL

Mr. **Boland**. How many FTEE do you have aboard?

Dr. **Gronvall**. At the moment the average employment is over 194,000 in our Medical care account. So we are actually above the budgeted figure for the current year.

Mr. **Boland**. So that carry-over results from the average salary difference, as I understand it, and the $34 million that you are carrying over to 1986 is a result of readjustment in that area?

Dr. **Gronvall**. Correct.

REDUCTION TO 1986 EMPLOYMENT ESTIMATE

Mr. **Boland**. The 1986 Medical care appropriation contains funds to support 193,941 FTEE. The VA's letter of February 10, 1986 to the Committee states that the 1986 medical care appropriation can fund that number, as well as 589 common services FTEE in 1986, and even transfer $8 million from Medical care to the General Operating Expenses account.

But the 1986 column of the budget indicates you can only support 192,635 FTEEs. That is a decrease of 1,306 due to the reduction of $117,557,000 resulting from the Gramm-Rudman-Hollings sequestration. That is all reflected on page 24-22. Why can't the VA reprogram funds from equipment or maintenance and repair to keep employment at the 193,941 level, as you did last year?

Dr. **Gronvall.** Our understanding of the impact of Gramm-Rudman is that the law expresses a specific intent that the reductions be taken from all programmatic areas, and so we assessed a component of the reduction to all areas of our programs including personnel.

Mr. **Boland.** Well, that is true, but Gramm-Rudman, of course, gives you authority to transfer funds from one function to another.

Dr. **Gronvall.** That would require a subsequent specific reprogramming action, I believe.

Mr. **Alvarez.** That is correct.

Dr. **Gronvall.** And that is the question you are asking?

Mr. **Boland.** Well, that is so, but is that a possibility?

Mr. **Alvarez.** Yes, sir. As I indicated in my opening statement, that is one of the things we will be considering as we monitor the obligation levels in each account.

Mr. **Boland.** I know you mentioned reprogramming to take care of the problems, particularly in those areas that would be hardest hit by the Gramm-Rudman proposal.

Mr. **Hoffman.** Mr. Chairman, as Dr. Gronvall pointed out, we are almost at 193,941 average employment level through the end of February. So at least the employment level is up.

EMPLOYMENT IMPACT OF SEQUESTRATION

Mr. **Boland.** All right. Now, as a result of Gramm-Rudman, have any messages been sent to the medical center directors regarding reducing employment because of the sequestration?

Mr. **Lindsay.** Yes. The 1306 is reflective of that number and the medical directors are being advised now what their fair share is of that FTEE.

I might also add, when we took our fair share cuts of Gramm-Rudman, equipment accounts were also reduced as well as M&R accounts. We are facing a backlog in equipment and great needs in M&R so what we are trying to do, Mr. Chairman, is maintain a proper balance at the medical centers in terms of meeting our work load requirements to get us through the remainder of the year.

ADVANCED TECHNOLOGICAL EQUIPMENT

Mr. **Boland.** The 1986 conference report states that up to $10 million of 1986 Medical care funds can be used for the purposes of advanced technology medical equipment. The report does not say that $10 million must be used for advanced high technology equipment. The VA's current plan calls for the $10 million to be used for that purpose. Because of the transfer of $8 million to the General Operating Expenses account and this $10 million for advanced technology medical equipment, $18 million will not be used for staffing at VA medical centers. Is that correct?

Mr. **Alvarez.** Mr. Chairman, we did transfer the $8 million from the Medical Care appropriation. The remaining $10 million, John?

Dr. **Ditzler.** The remaining $10 million already has many projects that will more than exceed the $10 million, and the decision as to which one of those is still pending.

Mr. **Boland**. And do you believe that the $10 million would be better used for additional staffing or the advanced technology medical equipment?

Mr. **Travers**. Mr. Chairman, we felt we needed to utilize $10 million for the high technology area to supplement our equipment accounts.

Mr. **Boland**. Did you indicate that the $8 million has already been transferred for General Operating Expenses?

Mr. **Alvarez**. Yes, Mr. Chairman, that is correct.

AVERAGE SALARY DECLINE

Mr. **Boland**. About 60 percent of Medical care funds are spent on personnel compensation and benefits. The number of FTEEs that can be supported with any given level of funds depends on the average salary. A swing of a $100 in the average salary, because over 200,000 employees are involved, equates to nearly $20 million.

Last year you estimated the average salary in 1985 would be $29,312. The actual average salary in 1985 was $28,970. That is all reflected on page 5-38. What caused the average salary in 1985 to be $342 less than estimated?

Dr. **Gronvall**. Mr. Chairman, there were several factors that cause the estimate to be less. We were under strong constraints in the grade 11 through 15 category. This limitation resulted in a major reduction.

Our medical centers then found themselves employing lower grade employees, therefore, lower salaried people to fill those positions. I believe also that in 1985 there was a significant downward trend in employment in the private sector hospitals.

That made available in the market more people for employment, particularly entry level people. So a number of our medical centers had more success in many categories filling jobs with entry level people at lower salaries.

A third factor that I would mention is that the resource allocation model that we have adopted creates an incentive in the individual medical center to economize appropriately on the mix of staff and other expenses while maximizing the care of veterans. I think all of those factors operated together to mean that, on the average, the employed staff in each medical center turned out to have a lower average salary than we had projected at the beginning of the year.

1986 AVERAGE SALARY PROJECTION

Mr. **Boland**. Okay. That is a good explanation.

Give me an explanation on your estimates the average salary in 1986. Last year you estimated that in 1986 the average salary would be $29,229. This year you estimate the average salary in 1986 will be $29,701. Why have you raised the current 1986 salary estimate by $472 above last year's estimate?

Dr. **Gronvall**. Each year, Mr. Chairman, we go through, in essence, the same exercise of considering all of the factors that we think will result in a higher salary and another mix of factors that will result in a lower average salary. We then try to weigh those factors and make the best judgment. It is a judgment game or a guessing game, if you want to put it that way, but it is based on accumulated experience. So we have included general experience in the field of slightly higher salaries and made that projection.

Mr. **Boland**. What is the current average salary level?

Mr. **Travers**. We are slightly over the 1986 revised estimated salary level of $29,701. The medical center directors have a full year of funding for total employment in the field this year. Since they have full year funding, they can put their plans in effect at the beginning of the year.

As you remember, the $40 million Congressional add-on in 1984 was not part of their base for 1985, so they did start retrenching and putting on lower salary people at the beginning of last year.

So we have been playing catch-up. This year they started with a full year's funding. There is no supplemental requirements there, so they could lay the plans out for a full year.

Mr. **Boland**. Can you give us a dollar figure on what the average salary level would be? You say it is a little higher than the estimate? You may supply it for the record.

[The information follows:]

FY 1986 Average Salary

The average salary for the Medical Care appropriation is currently estimated to be $29,782, which is $81.00 higher than the FY 1986 middle column estimate of $29,701.

BENEFICIARY TRAVEL REFORM

Mr. **Boland**. The VA is proposing a $93,500,000 decrease in fiscal year 1987 due to reforming the beneficiary travel program. Can the VA accomplish this reduction in travel cost by administration action?

Dr. **Ditzler**. Yes, this can be accomplished through administrative action. The difficulty you imply certainly would be there because the $10 million in beneficiary travel will essentially only take care of air ambulances and ambulances of critically ill people. It does not accommodate special wheel chair vans and other modes of bringing people in, particularly in the rural areas.

So it would be a selective hardship for some.

Mr. **Boland**. Well, I take it that the VA can accomplish this reduction in that type of travel by administrative action; is that correct?

Dr. **Ditzler**. That is correct.

Mr. **Boland**. You are saying the reduction will occur in 1987. Why was this action not taken in 1986 then? Then you could apply those savings to the additional FTEEs.

Mr. **Alvarez**. That is a basic policy change that we looked at for 1987. Our position at this point was not to change the policy in 1986 unless it is necessary later on.

I do not foresee at this point to change that policy, of course, but that is one of the considerations that we have.

1987 REQUEST TO OMB

Mr. **Boland**. Now the 1987 Medical care appropriation request, as you have indicated, is $9,083,983,000 and 185,093 FTEEs. That is a reduction of $46,154,000 and 7,542 FTEE below the current 1986 plan. What did you request of OMB for Medical care in 1987—both in dollars and in FTEE?

Mr. **Hoffman**. I have that, Mr. Chairman. The request for 1987 for Medical care was $10,041,582,000. In FTEEs the request was 196,433.

Mr. **Boland**. Was there any stated reason given by OMB for the reduction in this request?

Mr. **Alvarez**. I can address that, Mr. Chairman. The Administrator met with the President in a group meeting, and received our target share, to meet the $144 billion deficit target.

Of course, the biggest impact is in the Medical care account. This does give us great concern but, again, the overall consideration was the target deficit that we were addressing here. The mark we received was not addressed any further at that point once we received our overall target.

UNDERSTAFFING IN THE VA MEDICAL CARE SYSTEM

Mr. **Boland**. Now, Administrator Walters indicated in a letter of June 18, 1985, that an analysis of staffing guidelines shows the entire VA Medical care system is understaffed by an average of 9.2 percent. Would that be your estimate, too?

Dr. **Ditzler**. That is correct.

Mr. **Alvarez**. That is correct.

Mr. **Boland**. That is pretty hard to reconcile that letter with what actually OMB did to you, isn't it?

Mr. **Alvarez**. Again, it was the overall concern on the deficit target that we were trying to achieve here; our share of that burden is one that gives us great concern. Naturally this impacts our ability and impacts the level of services that we can give. It is a hard decision.

1987 CURRENT SERVICES REQUIREMENTS

Mr. **Boland**. Now, in its report to the Budget Committee, the House Appropriation Committee recommended the current services level for Medical care in 1987. What would be the additional amount of money needed to increase the 1987 Medical care FTEE level to 193,941? Assume no restoration of funds for beneficiary travel.

Mr. **Hoffman**. I think we were talking approximately 8,800 FTEE would need to be added to reach that amount and at $40,000 per FTEE that would equate to about $350 million.

Mr. **Boland**. What would be the number of additional patients that could be treated if the average employment in 1987 193,941?

Dr. **Ditzler**. It should be restoration of a 1,254,000 outpatient visits and approximately 62,000 inpatients.

UNMET WORKLOAD DEMAND

Mr. **Boland**. I think we have heard, Dr. Ditzler, that demand for medical care at VA facilities is exceeding capacity. I know that the VA conducts surveys of veterans' demands for services. When was the last survey of veterans' demand for medical care at VA facilities?

Dr. **Ditzler**. The last one that was published was in April of 1985. There was one done about three weeks ago but the report has not been fully analyzed.

Mr. **Boland**. What were the results of the 1985 survey?

Dr. **Ditzler**. They showed that on the given week of sample there were about 8,400 individuals who were not cared for that week. Now, that is not to say that they were not examined and evaluated as to their criticalness for need or not.

The issue was that they were not provided either return appointments in the ambulatory care nor admitted. It also included those patients who were turned down from private sector by telephone referrals looking for long-term placement.

So that it was a complete mix of patients who were in the gross category called "applicants."

Mr. **Boland**. What percentage of veterans with valid applications were referred to the community in which they lived or placed on a particular waiting list for whatever medical services were required?

Dr. **Ditzler**. As I recall the figures, we took care of essentially 92 percent of all those who had applied. The continuing care or entrance into an ambulatory care program is the major problem.

Again, this was defined by the targets specific of if you couldn't accommodate them in a clinic beyond 30 days that was also considered one that was not cared for. This, in my judgment, is an incomplete survey. For example, it does not technically answer the case of a veteran who needed a total hip replacement and was put on a waiting list, but who will be provided care within a year. It is not an emergency, so I think there were great flaws in the survey we did, and, hopefully, the one that was done in January was better.

POTENTIAL OF 1986 RIFS OR FURLOUGHS

Mr. **Boland**. The table in the summary volume beginning on page 24-2 lists the Gramm-Rudman reductions by account. The table shows reductions in appropriations in 1986 of $234,053,000. Will there be any reductions in force or furloughs because of funds being sequestered in 1986?

Mr. **Alvarez**. Mr. Chairman, that is one that we are watching very closely. We do not anticipate any reductions in force as a result of the sequestering. What we are very concerned about, is that to face at the end of the fiscal year, is a short furlough for our employees, but that question will be cleared up as we get into the May/June time frame. We have more actual data to determine the impact of the current freeze and restraints on non-personnel obligations.

1986 OPERATING PLAN AND REPROGRAMMINGS

Mr. **Boland**. So I take it that at a later date you will be submitting a revised operating plan reflecting sequestration?

Mr. **Alvarez**. We will certainly be providing you with information we have.

Mr. **Hoffman**. We will be coming to the Committee on those areas that we feel reprogrammings are necessary. We are developing that information now.

Mr. **Boland**. The Supreme Court will finally decide the constitutionality issues of the Gramm-Rudman-Hollings legislation. What would you do with the $234,053,000 proposed to be sequestered if the Supreme Court upholds the Lower Court decision and Congress does not pass a resolution sequestering the funds?

Mr. **Alvarez**. That is one question we haven't considered yet.

Mr. **Boland**. Maybe you won't have to.

Mr. **Hoffman**. In some instances, Mr. Chairman, some of the changes in rates that are imminent because of sequestering would be restored. Perhaps a point would be readjustment benefits where sequestering was $39 million. Perhaps Mr. Vogel might want to speak to this, but it does have an effect on the rates for readjustment benefits from here on to the end of the year.

VARIATION OF SEQUESTERED BENEFIT RATES

Mr. **Boland**. As we go along we will have other questions regarding G-R-H. Specifically with reference to the readjustment benefits appropriation, though, that amount sequestered in 1986 is $39,431,000. As I understand it, effective March 1st, the benefit payments for veterans and eligible dependents and survivors enrolled in education and training programs will be reduced by 8.7 percent; is that correct?

Mr. **Vogel**. Yes, sir.

Mr. **Boland**. Assistance for vocational rehabilitation will be reduced 13.1 percent.

Mr. **Vogel**. Yes, sir.

Mr. **Boland**. Grant payments for specially adapted housing will be reduced by 8 percent; is that correct?

Mr. **Vogel**. That is correct, Mr. Chairman.

Mr. **Boland**. In addition, maximum grant payments for automobile and adaptive equipment would be dropped from $5,000 to $4,600; is that correct?

Mr. **Vogel**. That is correct, sir.

Mr. **Boland**. What accounts for the different percentage reductions in the various programs?

Mr. **Vogel**. The variance occurs because we determined year-to-date cost experience in the various sub-accounts, and then we projected it against what was anticipated for the rest of the year with a sequestration of 4.3 percent. It is not the same percentage in all sub-accounts. The most significant variance is found in the 13.1 percent taken out of the vocational rehabilitation benefit. About 60 percent of this benefit is paid to the beneficiaries as a subsistence allowance, and we reduced that allowance more to avoid reducing the payment which we make to the schools for tuition, books, fees and supplies.

Mr. **Boland**. How did the G-R-H change the statutory payments schedule for educational benefits? What was the legal basis for the reductions in what had been considered an entitlement account?

Mr. **Ivers**. Mr. Chairman, we have taken the position that the Gramm-Rudman-Hollings bill has to override any statutory provision that it impacts or it just simply does not work. That would include what may or may not have been entitled previously.

Mr. **Boland**. You might well run into a court case on this.

Mr. **Ivers**. I have no doubt that as certain benefits are reduced we will face some court action.

VARIATION IN TREATING ENTITLEMENT ACCOUNTS

Mr. **Boland**. Why is the VA treating G-R-H reductions in entitlement accounts differently? In the Readjustment Benefits account, you are cutting individual payments as of March 1st in the various programs. In the Loan Guaranty program you have decided to continue the program as is, until all authority for the program is exhausted.

Mr. **Alvarez**. That is correct.

Mr. **Vogel**. Yes, sir.

Mr. **Boland**. Why are they being treated differently?

Mr. **Ivers**. As I understand the mechanics of those, for one thing, the Loan Guaranty program, we now have the legislation which raises that cap and under current conditions if I am not mistaken, we anticipate that it will not be necessary to reduce or restrict that program.

If it is, there are ways to reduce or restrict it which we discussed earlier. Right now the cap on that program has been raised and there should be enough funds to take us to the end of the fiscal year.

POST-TRAUMATIC STRESS DISORDER

Mr. **Boland**. Let me ask a couple of questions on the post-traumatic stress disorder. The House report accompanying the 1985 appropriation act addressed this matter. We expressed a concern that the VA was not adequately addressing the needs of Vietnam veterans suffering from PTSD. The VA was directed to develop a comprehensive plan for the treatment of PTSD to be implemented in VA hospitals.

A plan was to be forwarded to the Committee within six months. On February 21, 1985, a letter was sent to the Committee regarding the development of a comprehensive plan to provide veterans with treatment for PTSD. The letter indicated 70 additional FTEE and $2.6 million was being devoted to the PTSD programs at 13 locations in 1985.

How much money and how many FTEE were utilized by the 13 medical centers for this program in 1985?

Dr. **Ditzler**. I would like Dr. Brown to address that question, Mr. Chairman.

Dr. **Brown**. There were 70 FTEE. I don't have the dollar figure utilized, but all 13 sites used the 70 FTEEs.

Mr. **Boland**. How many patients were treated at the 13 centers?

Dr. **Brown**. I don't know, sir. I can provide that for the record.

Mr. **Boland**. Will you supply for the record the number of patients treated for PTSD in fiscal year 1985?

[The information follows:]

POST-TRAUMATIC STRESS DISORDER

In early FY '85 a survey was conducted to identify staffing and salary costs for the specialized inpatient PTSD Units. At an annual rate, 240 FTEE and 6.04 million dollars were in use and 1434 patints with PTSD were treated at the thirteen medical centers.

Mr. BOLAND. How many FTEEs and how much money is being designated for the 13 PTSD centers in 1986?

Dr. BROWN. We are maintaining the current level of FTEE and dollars for the 13 centers.

EXPANSION OF PTSD PROGRAM

Mr. BOLAND. By letter from the Acting Administrator dated February 18 of 1986, the VA transmitted the first annual report of the Chief Medical Director's Special Committee on PTSD as required by Public Law 98-528. That report recommended that each medical center be provided two FTEE, including one psychiatrist, to form PTSD treatment teams.

Also, the report recommended that VA should designate one PTSD treatment program in each medical district. The Chief Medical Director concurred with the recommendation.

The VA estimated it would require 344 FTEE and $22,415,000 to establish treatment teams for each VA medical center. In addition, 150 FTEE and $7,019,000 would be included to activate a designated PTSD treatment program in each medical district that currently does not have such a specialized program. Does the 1987 budget request contain funds to expand the PTSD program, as recommended by the Special Committee on PTSD?

Dr. BROWN. It does not contain the FTEE and dollars to expand the program.

Mr. BOLAND. Since it does not, let me ask whether you requested funding for this activity from OMB?

Dr. BROWN. I don't recall if it was in the written request.

Mr. ALVAREZ. We can provide that for the record.

Mr. BOLAND. I am sure you must have.

Mr. HOFFMAN. I would think so, Mr. Chairman.

1987 PTSD STAFFING AND FUNDING

Mr. BOLAND. And also include what levels of staffing and funding are carried in the 1987 budget for the 13 PTSD centers.

Will you also provide for the record a listing of the staffing and funding by centers for the PTSD program in 1985, 1986 and 1987?

[The information follows:]

FUNDING AND STAFFING LEVELS FOR PTSD

The VA did not request funds for the additional specialized inpatient treatment units and the two-person teams recommended to the Chief Medical Director by the Special Committee on PTSD.

The level of staffing and funding for the 13 PTSD programs in the FY '87 budget cannot be provided specifically because these programs are funded according to their performance and efficiency in the resource allocation model. The staffing and funding for these programs in 1985, 1986, and 1987 will depend on the resources provided and the status of the Diagnosis Related Group based resource allocation model.

Mr. **Boland**. In addition to the 13 centers, PTSD is treated at VA medical centers both on an inpatient and an outpatient basis and at Vet Centers. Is that correct?

Dr. **Brown**. That is correct, sir.

1985 TREATMENT OF PTSD PATIENTS

Mr. **Boland**. How many veterans were treated for PTSD as inpatients at VA hospitals in 1985, and how many were treated as outpatients? How many VA hospitals treated patients on both an inpatient and outpatient basis for PTSD in 1985? You may supply that for the record.

Dr. **Brown**. We will provide it for the record.

[The information follows:]

Treatment for PTSD in Other Settings

There were 7000 episodes of inpatient care for PTSD in FY 1985. At present, the outpatient tracking system does not identify workload by diagnostic category. For this reason it will not be possible to answer this question until the Mental Health Software Package has been implemented.

VA hospitals treated PTSD on both an inpatient and an outpatient basis in FY 1985 but a specific breakdown cannot be provided. There are 172 VA medical centers. There are 140 psychiatric services and 154 psychology services. Any VA facility which provides hospital care for PTSD can be expected to provide the needed follow-up outpatient care. The provision of outpatient care alone will be limited by the usual eligibility limitations.

Mr. **Boland**. Members of the Special Committee also made recommendations regarding the need for better information about PTSD. The Chief Medical Director concurred with the recommendations. Are funds being requested in the 1987 budget to establish such reporting systems to track the PTSD patients?

Dr. **Ditzler**. Part of that initiative did not make it.

Mr. **Boland**. Were funds requested of OMB for this tracking?

Dr. **Ditzler**. That was part of the $10 billion in the original request.

VET CENTER PROGRAM

Mr. **Boland**. On to the Vet Center program for a moment. In 1985, the Congress added 220 FTEE for the Vet Center program and redirected $3,200,000 of the $11,200,000 assumed for the contract component to the in-house Vet Center program. The additional FTEEs were to augment staffing at existing centers and to establish new or satellite centers where the greatest need existed.

In the fall of 1984, the VA announced plans to open 52 new centers. That was to be in addition to the 136 Vet Centers which were already in operation. Are all of the 52 new Vet Centers fully operational?

Mr. **Lindsay**. I can respond to that. Of the 52 Veteran Centers, 31 are operational. The remainder are expected to be operational by the end of this fiscal year.

Mr. **Boland**. Do you have sufficient funds to do it?

Mr. **Lindsay**. Yes, sir.

Mr. **Boland**. Last year the VA indicated that 794 FTEEs and $39,661,000 was allocated for the Vet Center in 1985. Of that amount, $31,661,000 was for the in-house component and $8 million was for the contractual component. The same FTEE level was requested for 1986. The 1986 dollar amount was to be adjusted for uncontrollable increases. How much money and how many FTEEs were actually obligated for Vet Centers in fiscal year 1985?

Mr. **Travers**. I have the FTEE figure for you, Mr. Chairman. 725 was the actual for 1985. We had planned 794 FTEEs.

Mr. **Boland**. How much was spent on the contractual components of the program in 1985?

Dr. **Blank**. A total of $7.3 million was spent on the contract portion of the program in 1985.

Mr. **Boland**. So you are below the estimate then?

Dr. **Blank**. Yes.

Mr. **Boland**. Any reason why?

Dr. **Blank**. That is on the basis of the impact of the new Vet Center opening up.

1986/1987 VET CENTER RESOURCES

Mr. **Boland**. How much money and how many FTEEs are allocated for the Vet Centers in fiscal year 1986?

Mr. **Hoffman**. In 1986, 794 FTEEs and $34,292,000 were allocated.

Mr. **Boland**. How much is allocated for the contract component in 1986?

Mr. **Hoffman**. The amount allocated for the contract component is $6.2 million.

Mr. **Boland**. How much money and how many FTEEs are being requested for the Veteran Center program in fiscal year 1987?

Mr. **Hoffman**. Resources for the Vet Center Program in 1987 will remain at the 1986 level.

Mr. **Boland**. And how much of that is requested for the contractual component?

Mr. **Hoffman**. That amount is $6.2 million, the same as 1986.

Mr. **Boland**. Thank you.

CONSOLIDATION OF INSURANCE CENTERS

Mr. **Sabo**. I have some questions about that. Is your particular recommendation to move the consolidated insurance operations to Philadelphia and close an office in St. Paul?

I received a copy of your cost benefit analysis of the proposed consolidation. I have some reservations and questions about it. First, why did you choose to ignore the availability of VAMC Building 43 in analyzing space cost and consolidation? My understanding is this building, which VA already owns, would be available in late 1987. Your report indicates it would be 1989 or 1990 before the building is available which would not appear to be accurate.

It is a building VA owns and therefore would not involve SLUC charges. A substantial portion of the study which indicates cost advantage in Philadelphia over the St. Paul site relates to differences in space costs.

Mr. **Alvarez**. Mr. Vogel can get into the details. Building 43, which is the one that currently houses the main section of our facility at Minneapolis, would require some extensive modernization and quite a bit of work.

That is probably one of the reasons.

Mr. Sabo. Do you have a cost for that? My understanding is the Philadelphia site also requires some remodelling and neither of those costs were looked at.

Mr. Vogel. The Building 43 in St. Paul is far larger than would be required for the total needs of the Department of Veterans Benefits component at St. Paul, sir.

Mr. Sabo. I understand that.

Mr. Vogel. The Philadelphia office is a GSA-owned building. The amount of renovation needed to put the additional personnel in there is very small. It is a former warehouse and it is an open-type arrangement. It would require very, very little to expand out to provide the working space for some additional employees.

RENOVATION COST OF BUILDING 43

Mr. Sabo. What is the cost of the renovation in St. Paul in Building 43?

Mr. Vogel. I don't have that, sir.

Mr. Alvarez. I think we could provide that for the record and give it to you.

[The information follows:]

St. Paul Renovation

Based on our Economic Analysis conducted in February 1985 it was estimated that it would cost approximately 20 million dollars to renovate Building 43 to house the VARO and the Data Processing Center. With the closing of the DPC our needs have been reduced from 188,035 to 129,878 net usable space.

Mr. Sabo. Is your Philadelphia building a VA-owned building?

Mr. Vogel. No, it is a GSA-owned building.

Mr. Sabo. Building 43 would be VA-owned and not subject to GSA charge?

Mr. Vogel. That is correct.

CONSOLIDATION IMPACT ON MAIL FLOAT

Mr. Sabo. You also have a measurement of lost earnings associated with float or the time required to receive, process and deposit remittances and a major component of the float is a mail float at the time the payment takes to reach the payee. Your study notes that the mail float to St. Paul is currently 3.0 days while Philadelphia has 2.49 days.

I have no problem with those numbers, however, you go on to note that if consolidated, the mail float will be 3.17 for St. Paul and 2.8 for Philadelphia. Since St. Paul currently serves 28 States, including the more remote States such as Hawaii, Alaska, and the western and southwestern States, as well as the midwest, I fail to see how consolidation in the East will reduce the mail float below St. Paul's current time. Could you explain how you arrived at that figure?

Mr. Vogel. Yes, sir. If you take the mail float unto itself, there wouldn't be any significant difference between St. Paul and Philadelphia. As a matter of fact, there would be a little more time in Philadelphia.

But the total float which includes processing time into the Federal Reserve so that the monies can be drawn again from the trust funds is, in fact, enhanced by the total mail facilities in Philadelphia plus the arrangement of the Federal Reserve there. Historically, the Philadelphia Center has gotten their processing float better than St. Paul's, so the monies are available at a significant amount in interest savings on the trust funds.

MAIL VERSUS HANDLING FLOAT

Mr. Sabo. Would you break that down by mail float versus handling float?

Mr. Vogel. Yes, we did break that down. The study was done a few years ago at the request of the Treasury to determine whether we ought to go to a total lock box operation or a commercial operation. An organization called University Analytics did a total float study which included mail floats, processing float and availability float. We have those figures and those were used in the cost benefit study on consolidating the insurance operation.

I don't have the various numbers now sir, but we can certainly provide it for the record. It shows the total float.

[The information follows:]

Float Times

The Program Analysis and Evaluation (PA&E) staff used a methodology developed by University Analytics, Inc., which is a company that provides consulting services to financial institutions involved in lock box studies, to determine the total float for both the St. Paul and Philadelphia VA Regional Offices and Insurance Centers. The mail float for both St. Paul and Philadelphia was based on data supplied by the United States Postal Service which measures the mail time between points of origin and receiving post offices. The delivery time for mail, as pointed out by the U.S. Postal Service, is not necessarily related to the distance between mailing points but rather is more dependent upon the transportation mode used between the sending and receiving post offices and the performance of the central post office which it passes through. The PA&E findings on mail float used the data supplied by the Postal Service and a breakdown of all insurance accounts by zip codes.

The consolidated mail float times are based on the weighted averages of all the mail sent to the Insurance Activities. Two-thirds of this mail is currently received by the Philadelphia VAROIC.

The processing float for both offices is based on operational reports for both activities and actual observations by the PA&E study team. The availablility float was based on existing agreements between the Veterans Administration and the Federal Reserve Banks located in Philadelphia and St. Paul. The total float based on these findings was as follows:

Office	Mail	Processing time	Availability	Total time
St. Paul	3.08 days	2.7 days	1.5 days	7.28 days.
Philadelphia	2.47 days	1 day	1 day	4.47 days.

Mr. Sabo. Will the mail get to Philadelphia quicker than it does to Hawaii, or Alaska?

Mr. Vogel. It takes a little longer. From some places, it is virtually the same, even for some States west of the Mississippi. The Philadelphia facility is very efficient.

PHILADELPHIA/ST. PAUL INSURANCE CENTER PRODUCTIVITY

Mr. Sabo. How does the St. Paul office rate in productivity?

Mr. Vogel. That is a good office, sir. They rate very well.

Mr. **Sabo**. My understanding is it is rated first place for productivity among the Department of Veterans' Benefits field offices as recently as March of 1985.

Mr. **Vogel**. Yes. The last picture of it showed it was more effective than Philadelphia. Over a four or five year period that has not been the case; however, the numbers are not very significant.

They are both very efficient offices, but over the long haul Philadelphia has perfected effectiveness and productivity and has been slightly better than St. Paul. They are both, as I indicated, both fine facilities and have fine management.

Mr. **Sabo**. Is productivity a part of your study at all?

Mr. **Vogel**. No. The final driving determinant was the knowledge that about $1.3 million per annum could be saved through a consolidation.

Mr. **Sabo**. Not counting difference in no-rent versus rent?

Mr. **Vogel**. We would factor in the cost of the extensive renovation of a building in St. Paul. This is a building which is far greater than needed, and which would house a great deal more personnel even after we had everything put into it.

Mr. **Sabo**. Let me ask you what your plans are for that building.

Mr. **Vogel**. I don't know.

Dr. **Ditzler**. I am not sure.

Mr. **Alvarez**. We have also discussed the possibility of co-locating the regional office right there in building 43. That was something that we had discussed previously and I don't know if, John, if you have followed up on that.

Mr. **Vogel**. We haven't yet done a cost benefit analysis on whether or not it would be feasible to undertake the renovation of that building for the purpose of co-locating the Department of Veterans Benefits facility into it.

Mr. **Alvarez**. That includes all of the care, operations.

ESTIMATES OF IMPACT OF LONG-TERM RENT

Mr. **Sabo**. I would like to get the numbers on what your estimates are there versus Philadelphia in terms of what the long-term impact of no-rent versus rent is also over a period of years in Philadelphia.

Mr. **Vogel**. Yes, sir.

[The information follows:]

We would like to clarify some points raised during the hearings concerning the cost of operating a facility managed by the Veterans Administration as compared to a facility managed by GSA. Currently, both the St. Paul and Philadelphia Insurance Centers are housed in Government-owned building which are managed by the General Services Administration. Under the current arrangement, both offices pay standard level user charges to GSA to reimburse that Agency for the cost of maintaining the building. If the VA were to move into building 43 in St. Paul, it would incur not only the costs of renovating the building but also the recurring costs of maintaining the building. That is, rather than paying GSA through a standard level user charge for the janitorial, maintenance and utility expenses incurred in operating a facility, the VA would have to pay directly for the utilities, maintenance and custodial services out of its own operating budget. Consequently, there are no savings to the Government associated with occupying a VA-managed as opposed to a GSA-managed building, since both types of facilities are owned by the Government and maintained with appropriated funds.

CURRENT VALIDITY OF 1969 GAO STUDY

Mr. **Sabo**. One of the strange things is your report mentions a 1969 GAO study which supported consolidation in Philadelphia. That is only 17 years old now.

You basically conclude that those recommendations are still valid. Nowhere do we find any indication that GAO was asked to look at their 17-year-old study to see if it was still valid. How do you come to that conclusion?

I might add that I think at the time that study was made it wasn't about the question of two centers, it was a question of 13.

Mr. **Vogel**. Yes, sir. We have reduced the number of centers over the years down to the present two. Our motivation in conducting a cost benefit study to determine whether it was feasible was driven, of course, by the economic concerns of managing a good program, a good insurance program at the least cost to the taxpayer.

The study that the Office of PA&E and the Veterans' Administration did considered previous studies. We thought we had to get a fresh look in light of current numbers of policy holders, mail float and total processing float.

The basic savings will come by reducing the number of supervisory personnel and some extra features which we only have at one site. We are also proceeding with the procurement of up-to-date, modern remittance processing equipment to process premiums from insured and we will see less of a need than we would have at two sites.

Mr. **Sabo**. And GAO was not asked to do any updating of the study that was quoted which is 17 years old?

Mr. **Vogel**. No, they were not, sir.

Mr. **Sabo**. If you can reduce supervisors, why can't you do that within the two centers?

Mr. **Vogel**. We need the basic components to supervise the employees and provide the clerical backup, mail room, and the people who we call cash clerks that process the nearly 8 million remittances. It is just a level of supervision.

We see some economies there. The ratio of direct employees to supervisors will improve on a one site operation.

SAVINGS FROM CONSOLIDATIONS

Mr. **Sabo**. In your budget request for 1987, how much do you project saving with the consolidation in your 1987 budget request and how much is a one-time cost in 1987?

Mr. **Vogel**. I will look through my notes. The total FTEE to be saved is 38 FTEE.

Mr. **Sabo**. That is over a period of time. In the 1987 budget, how much are you assuming you will save and how much is additional one-time costs that will accrue in 1987?

Mr. **Vogel**. There won't be any savings in 1987.

Mr. **Sabo**. How much additional cost in 1987?

Mr. **Vogel**. There are no savings at all in 1987. It is a net over a six year period.

ONE-TIME COST OF CONSOLIDATION

Mr. **Sabo**. How much extra in 1987 is the phasing out operation, people collecting unemployment compensation or moving?

Mr. **Vogel**. I will have to provide that for the record, sir. I don't have the figures off the top of my head.

Mr. **Sabo**. I would like those numbers if we could.

[The information follows:]

PHASED ONE-TIME COSTS—RELOCATION OF VARO&IC, ST. PAUL TO VARO&IC, PHILADELPHIA BEGINNING ON OCT. 1, 1986

Fiscal year	1987	1988
I. Personnel-related costs:		
A. Early/regular retirement:		
Average lump sum annual leave	$2,205	0
Anticipated retirements	14	0
Subtotal	$30,870	0
B. Personnel Transferred:		
Estimated cost per family	$25,000	$25,000
Anticipated transfers	14	3
Subtotal	$350,000	$75,000
C. Termination of employment:		
1. Severance pay—St. Paul	$8,359	$8,359
Plus lump sum leave	2,205	2,205
Subtotal	$10,564	$10,564
Anticipated terminations	67.8	40.5
Subtotal	$716,239	$427,842
2. Unemployment compensation (50 percent of weekly wage):		
Average weekly wage × .5 (St. Paul aver. =GS7/5	$193.50	$193.50
Compensation period in weeks	26	26
Subtotal	$5,031	$5,031
Anticipated terminations	67.8	40.5
Subtotal	$341,102	$203,756
D. Processing costs for personnel div.:		
1. Average cost per FTE out-proc.	$307	$307
FTE out-processed at St. Paul (RIF's, transfer, retire.)	95.8	43.5
Subtotal	$29,411	$13,355
2. New hires in-processed	84.3	28.4
Hours needed to in-proc.	5	5
Subtotal	422	142
Hourly rate Personnel Spec. (7/5)	$9.68	$9.68
Subtotal	$4,085	$275
E. Training for new hires:		
New hires requiring training	70.3	28.4
Training cost per FTE (Phila.)	$4,483	$4,483
Subtotal	$315,155	$64,555
Total ($2,571,645)	$1,786,862	$784,783

Mr. Vogel. There are some one-time costs.

Mr. Sabo. I assume they are upfront costs in 1987 and 1988. Would you supply that information for me for both 1987 and 1988.

[The information follows:]

ONE-TIME COSTS— RELOCATION COSTS, PHASED BEGINNING OCT. 1, 1986

	Fiscal year—		Total
	1987	1988	
A. Personnel	$1,786,862	$784,783	$2,571,645
B. Equipment and files	0	66,215	66,215
C. Purchase new equipment	211,617	70,539	282,156
D. Site preparation	167,868	167,868	355,736
E. Site clean-up	0	6,600	6,600
Total	2,166,347	1,096,005	3,262,353

BACKGROUND OF STUDY PERSONNEL

Mr. Sabo. Who are the people who prepared this analysis for you? What is their background?

Mr. Vogel. It is an independent body within the VA. When I say "independent," it doesn't come under any particular department.

Mr. Alvarez. The Office of Program Analysis and Evaluation reports to the Administrator's Office.

Mr. Sabo. Did any people who did the study have any particular connection to the Philadelphia Center?

Mr. Alvarez. No, sir.

Mr. Sabo. Would you give me for the record a background of the people who made the study?

Mr. Alvarez. These are all central office people but I will provide that.

Mr. Sabo. I understand that, but in terms of their background, would you provide that?

Mr. Alvarez. Yes, sir.

[The information follows:]

BIOGRAPHICAL NOTES

MICHAEL J. O'NEILL, ANALYST-IN-CHARGE

Mr. O'Neill has a B.A. degree in International Relations from St. Joseph's University in Philadelphia and a Masters of Public Administration from the Pennsylvania State University. He has worked for the VA since October 1975. The first seven years he held various positions in the VA Insurance Center, Philadelphia. He has worked as a management analyst in the Office of Program Analysis and Evaluation since January 1983. He has been involved in three major cost-benefit analyses and numerous organizational analyses. Mr. O'Neill is a case study author in the recently published Information Systems and Public Management (Praeger, 1985).

PETER CRORKIN, MANAGEMENT ANALYST

Mr. Crorkin has a bachelor's degree in Biology and a master's degree in Business Administration. Mr. Crorkin is formerly an associate professor at California State University, Long Beach. He has 16 years of experience in the Veterans Administration covering administration and management in the hospital setting besides being responsible for management analyst duties in the Office of Program Analysis and Evaluation. During his tenure with the Veterans Administration, Mr. Crorkin has conducted several program evaluations, and management-organization studies, and three cost-benefit studies.

CARSTINE HORNER, MANAGEMENT ANALYST

Ms. Horner has a B.S. degree in Business and a M.L.S. degree in Library Science and Information Services. Ms. Horner has 17 years of experience with the Veterans Administration. She has participated in two cost-benefit analyses and several organization and management studies.

CHARLES R. POTTER, MANAGEMENT ANALYST

Mr. Potter has a B.A. degree in Government from Harvard College and thirty-three semester hours of graduate work in Public Administration at the George Washington University. He has been employed by the VA since 1964, the first eleven years with the Loan Guaranty Service, Department of Veterans Benefits, where the last and highest position held was Acting Supervisor of the Management Manpower Standards Staff. Affiliated with the Office of Program Analysis and Evaluation and predecessor organizations since 1975, he has worked on five cost-benefit analyses and/or post-implementation evaluations of major VA systems.

GS-11 TO 15 REDUCTIONS

Mr. BOLAND. Mrs. Boggs, do you have any questions?

Mrs. BOGGS. I would like to ask about the curtailment of grades 11 to 15. This is causing some personnel difficulties for the VA medical programs because it affects technical personnel. What is the present situation and can the VA have this limitation removed?

Mr. ALVAREZ. Mrs. Boggs, that is a program that has impacted the total Agency, not only the Department of Medicine and Surgery, but also all of our other offices. I think that if you look at it realistically, it has proven difficult to manage. However, in 1986 we are exempt from any further reductions and will be again in 1987. We have a committee within the VA to look at the best way to manage this from the Agency's viewpoint.

I would like to ask Mike Rudd, who is our Director of Personnel, if he can go ahead and amplify that and get into specific areas if he cares to do that.

Mr. RUDD. As Mr. Alvarez indicated, we are straight-lining the 1985 figures for 1986. OMB did not take any money for 1987. They did for 1986, but did not require us to reduce the number of GS/GM 11 through 15 positions.

The committee has nearly finished its work and will be recommending internal adjustments to the Acting Administrator within the next several weeks about essentially straight-lining the 1985 figures; no further reductions will be made.

Mrs. BOGGS. It really causes a great stir within the medical complex, especially when they have to cut back almost arbitrarily on very, very important components of their work.

Mr. RUDD. Mrs. Boggs, when the programs first went into effect, we asked for a total exemption from the program based upon the very good relative standing of the VA vis-a-vis other Government agencies, but we were not able to achieve that.

Mrs. BOGGS. Thank you.

Mr. ALVAREZ. That has not only impacted some of the areas in the Department of Medicine and Surgery, but also some of our other professional areas for example, our General Counsel's Office.

So it is one that we are trying to do our best, but it certainly has had an impact.

There is no doubt about that.

Mrs. **Boggs**. Thank you, Mr. Chairman.

Mr. **Boland**. Bill?

MURFREESBORO AFFILIATION

Mr. **Boner**. Thank you, Mr. Chairman.

I have several questions I want to ask about some projects related to the Fifth District in Tennessee. I am particularly proud of the continuing relationship between the VA medical center at Murfreesboro and Meharry College. It supports medical training for 29 medical residents. I note in the fiscal year 1987 request the VA is recommending an increase of $240,000 and three medical resident, physicians for this affiliation. Could you tell me how this affiliation is doing?

Dr. **Ditzler**. The affiliation is progressing very well. There will be additional monies also provided to Murfreesboro Medical Center to provide the support necessary in upgrading training as well as patient care.

Mr. **Boner**. What is your assessment of the quality of the program?

Dr. **Ditzler**. I have no personal knowledge. Our people in academic affairs believe that it is progressing nicely. Mr. Lindsay, do you have any view on the operational problems, if any?

Mr. **Lindsay**. I have no different assessment than what Dr. Ditzler has said.

NASHVILLE CLINICAL ADDITION

Mr. **Boner**. In January I wrote the VA and asked the status of the planned construction at the Veterans Administration Hospital.

Mr. Chairman, the planned construction is the third phase, I believe, of a three-part modernization of that physical plant including the addition of a six-story, 150,000 square foot addition housing new operating rooms, dental clinics, medical and coronary intensive care units and a 40-bed intermediate care ward.

The project, I believe, is our Medical district's number one priority in the VA's medical district initiated planning process. I was wanting to note in the VA publication that was released within the last month where you listed construction needs for each Veteran's hospital that no new construction is planned for Nashville.

Neither I nor the Nashville Veterans Administration Director can account for the disappearance of Nashville's much needed clinical addition.

Could you tell me what happened there?

Dr. **Ditzler**. Might I ask Ms. Livingstone?

Ms. **Livingstone**. Congressman, much of the Construction Needs Assessment this year, as compared to the volume last year, was substantially reduced in order to reflect a more realistic appraisal of the out-year budget figures. As a result, unfortunately, a vast number of projects were unable to be incorporated into the current Needs Assessment. It was based on the Department of Medicine and Surgery's prioritization methodology. At this point we would have to re-appraise that project if we submit our new Needs Assessment this summer.

MEDICAL DISTRICT PRIORITIES

Mr. **Boner**. In a letter that I received in January, VA said that the construction for the project had been deferred to a future year. What was the basis for that? If this was a number one priority in that district, what was your basis for this?

Dr. **Gronvall**. Mr. Boner, what we do each year is accumulate the requests made from all of the medical districts across the entire country. Then in the central office in Washington, we utilize a prioritization methodology that is relatively new. Nevertheless, I think it has been viewed by everyone who has evaluated it as providing a solid, objective basis for assessing the relative priority of projects across the entire country.

We utilize that methodology on all of the projects that are requested and develop a rank-order priority list that is phased over a period of years. So even though a particular project might be the highest priority in a given district, when it is compared at the national level with all of the competing projects from the entire country, its position might change significantly on the priority list.

Mr. **Boner**. Was the decision based on a full and complete evaluation of all the facts or were there still some things that needed to be looked at?

Dr. **Gronvall**. I believe that the process includes full evaluation of all the facts. We review all of the documentation that is submitted by the medical center itself and the district in support of the project.

RE-RANKING OF NASHVILLE PROJECT

Mr. **Boner**. Is it or isn't it correct that a meeting took place four or five weeks ago between the Regional Director and the Engineering Office of the Department of Medicine and Surgery, and that a review of completed plans resulted in a decision to re-rank the project?

Dr. **Gronvall**. I am unaware of that. That may be true, but I am unaware of it.

Mr. **Boner**. Is there anyone here who can answer that?

Mr. **Alvarez**. We will have to provide that for the record. We don't have anyone here that can address that particular point.

Mr. **Boner**. It is my understanding that four or five weeks ago that there was a meeting between the Regional Director and the Engineering Office and the Department of Medicine and Surgery and that a review of complete plans resulted in a decision to rerank them. If you could, then I would like to know.

Dr. **Gronvall**. We will surely look into that and supply a comment.

[The information follows:]

VA Medical Center, Nashville, Tennessee

A meeting was held recently to discuss the new major construction prioritization methodology and its relationship to the planned project at Nashville, Tennessee. The meeting was between the DM&S Facility Engineering, Planning and Construction Office and the Regional Director's Office. The Regional Director's Office, in support of the VA Medical Center proposed to update the information upon which the Nashville project had been prioritized in view of the fact that further planning and development activites occurred subsequent to the initial prioritization. It was pointed out that updating the information base was an integral part of our use of the methodology and that this would take place in the next few weeks for the Nashville project and many others. The Department would consider the results of this updating during the course of preparation of the 1986 Needs Assessment and determine if national priorities would change. The scope of the Nashville "Clinical Improvements and Patient Privacy" project proposes a new Support Services Addition to provide for relocaiton and expansion of a number of services such as; Surgery, Medical and Coronary Intensive Care Units, GU Clinic, Building Management Service, Canteen, Fiscal, Engineering, Personnel, Social Work Service, Director's Suite, Supply Service and Medical Administration Service. The project also proposes to correct Patient Privacy deficiencies on the ward areas. The estimated cost of the project is $32 million.

Mr. BONER. I have also been told a re-ranking will occur in April. Can you verify that?

Dr. GRONVALL. That is part of the regular process because the five year construction needs assessment is revisited each year and reports are submitted during the summer to the Congress, so a normal process would be comparison of all of the projects that have been proposed for the entire country.

Mr. BONER. Would the plans reviewed at this most recent meeting constitute a prospectus describing the scope and cost of the national project?

Dr. GRONVALL. I can't speak to the details of what was specifically reviewed.

ESTIMATED COST OF NASHVILLE PROJECT

Mr. BONER. Once again, I would like to know that and also what is the estimated cost of the construction project? Does anybody know that?

Ms. LIVINGSTONE. I don't have that figure.

Mr. ALVAREZ. We will provide that for the record, sir.

[The information follows:]

VA MEDICAL CENTER, NASHVILLE, TENNESSEE

The estimated cost of the project is $32 million.

Mr. BONER. Once again, you have the figure of estimated design work. My third question concerning this is how soon will a prospectus be forwarded to the House Veterans Affairs Committee on this particular project?

Ms. LIVINGSTONE. We only submit prospectuses in conjunction with actual budget requests for projects. The Needs Assessment document which you are referencing does contain an overview prospectus on the cost and the generalized scope of the project, but we do not have a developed prospectus on that particular project at this time.

Mr. BONER. Then you will develop it when? Is this what would be criteria for developing one?

Ms. LIVINGSTONE. Prospectuses are developed at the time of submission to Congress for funding. Normally, that is at the completion of preliminary plans.

NASHVILLE DESIGN FUNDING

Mr. **Boner**. Would the Veterans Administration oppose Committee recommendations to proceed with design work funded from the design fund?

Ms. **Livingstone**. I believe that the issue here really is that of the Department's prioritization process. We would have sufficient funding within the fiscal year 1986 design project funds to do design on the project. The issue would be whether the construction funding would be provided in future years given alternative projects that are coming along in the development process.

Mr. **Boner**. Once again, I appreciate that response, but would you oppose Committee directions to proceed with the design work funded from the design fund if this Committee put it in there and if the Veterans Affairs Committee put it in there?

Mr. **Alvarez**. We have never opposed any direction given by the Committee, sir.

Mr. **Boner**. Okay. So then your answer would be you would not oppose it.

Mr. **Alvarez**. That is correct.

Mr. **Boner**. That is what I wanted to ask.

Mr. Chairman, you will recall that last year the conferees directed such design work for the Wilkes Barre Nursing Home facility and White River Junction Research and Education Facility last year.

The third area that I want to inquire about has to do with several questions I asked last year about the specific Grace Commission recommendation that the VA close its depots and rely on drug and medical supply distributors to deliver supplies directly to each VA hospital.

I understand that the study conducted by Coopers and Lybrand was delivered to the VA last month. What are the findings and the recommendations of that study?

COOPERS AND LYBRAND STUDY

Ms. **Livingstone**. What was delivered last month was essentially Phase IV of the study. The final, completed Phase V, which is the conclusion of the study, was delivered to the VA last Friday, February 28, and that currently undergoing review.

We have plans to brief the Acting Administrator on the report. I have not yet seen the final Phase V myself yet. Hopefully, in the middle of March at which time we would be very pleased to brief you and the Committee and Committee staff if they would like on the findings of the report.

Mr. **Boner**. Delivery of the study was expected, I am told, last August. Do you know what caused the delay?

Ms. **Livingstone**. There were some changes in terms of tasking that were directed by the contractor. Some were just internal requests by the contractor for additional time to complete tasks without additional charge to the VA.

Frequently in these kinds of very complicated management studies we do experience these kinds of long, dated schedules.

Mr. **Boner**. Do you know what the final cost of the study was and was it below or above your budgeted amount?

Ms. LIVINGSTONE. It was above our budgeted amount. Currently it is about $871,000, but it is a cost reimbursible contract so that would not be the final cost since the contract has not been completed.

AID TO HOMELESS VETERANS

Mr. BONER. Last question, Mr. Chairman, as it relates to the situation of the homeless people in our community. Last year I asked a question about the VA's role in identifying and serving homeless veterans. In particular, I was interested in having the VA's Nashville office work with the newly established medical clinic serving the homeless that is funded by Robert Wood Johnson Foundation and the Pugh Memorial Trust.

Can you tell me what the status of that relationship is by any chance?

Mr. ALVAREZ. My understanding is that we are currently participating on a task force that is headed by the Department of Health and Human Services to deal with the issue on a nationwide basis. This is just beginning.

Specifically, what we are doing at the local Nashville area, John, do you have a better——

Dr. DITZLER. I have no idea of Nashville.

Mr. BONER. Could you have someone brief me about that?

Mr. ALVAREZ. Certainly, sir.

Mr. BONER. What resources has the VA devoted to identifying veterans among the homeless population of our Nation?

Mr. ALVAREZ. I know that two years ago we worked with HHS on a survey of the homeless veterans in the D.C. area and found that the number of veterans among the homeless was very small. But we also were quite pleased to find out that many of them are aware of the benefits and they do have a place to go for medical care if needed.

We recently had an exchange with Mr. Mitch Snyder of the Committee for Homeless and there were points where he had several suggestions. Mr. Walters, the previous Administrator, responded to him asking him to submit his suggestions and we are still waiting for Mr. Snyder to respond to our request.

Mr. BONER. I appreciate that. I go back to my question, what resources has the VA devoted to identify veterans among the homeless population in the nation?

Mr. ALVAREZ. I don't know if we have a total for the Agency but we may be able to accumulate information from the VA hospitals and offices at local levels. John, do you have a better feel?

Mr. VOGEL. The Regional Office and medical center personnel deal with everybody on the committee involved with the homeless issue to try to at least act as clearing house to council and assist the veterans involved in that.

Representatives from the Agency participated in a meeting February 21, on the issue of the homeless that was sponsored by the Department of Health and Human Services. The foundation that you referred to was also represented there. I just got the report of that meeting and the recommendations made yesterday and have not really had a chance to look through that.

Mr. ALVAREZ. We don't track—I don't think we track the resources we spend on that individual issue. I think it is done more on a collateral basis.

Mr. VOGEL. From the Department of Veterans Benefits, it is considered a valuable outreach effort, and we do that within the resources we have.

RESOURCES USED TO HELP HOMELESS VETERANS

Mr. BONER. I appreciate that you participate on panels and things, but what is going on out there in the field? Do you have anybody in the Veterans Administration that you have either allocated work time to or that you can say you have done something out there in the field to try to help identify many of these veterans who are in the homeless population?

Dr. DITZLER. I think every one of our hospitals with their social work people as well as our veteran outreach centers certainly are sensitive to veterans that would be homeless. I don't know of any of our social workers that would not make an effort at least to try and define issues where they come in contact with them. I don't think they aggressively go out just looking for homeless but I am sure any veteran who walks into the regional office or hospitals would surely be put in contact with our social workers.

Mr. BONER. I appreciate that and I worked at a hospital for one day and lived with the homeless for a weekend and I would say that your social workers are probably overworked. They are lucky if they can handle what walks in the door. I guess what I am after, maybe the answer is nothing.

Do you have anybody in any of your agency out there trying to make any effort? Most of these homeless people are either near insanity or certainly are mentally ill in many respects and obviously they are not going to go look up in the phone book and say, "aha, I need to go to this particular address because there my benefits are waiting on me."

What I am after is, is there any effort being made, any personnel designated to go out and attempt to identify any homeless people who are veterans in an effort to try to see whether they are aware of their benefits, that they are aware of where a VA hospital is, or anything else that would be accessible to them or would be their right to have by virtue of being a veteran?

Dr. DITZLER. From my knowledge in hospitals and I can speak personally having been at San Diego VA hospital, there were many nights a veteran having no home was put up through funds donated by people, other nights the people were housed in motels, shelters, etc.

Mr. BONER. Well, Mr. Alvarez, perhaps this may not be considered a priority with the Veterans Administration. I think it is obvious that the problem of the homeless people in this Nation is growing more and more and I would have to assume that proportionately the veterans will continue to increase among the homeless.

Is the Veterans Administration doing anything toward trying to direct some personnel, as well as other ways of trying to go out, either to participate in or individually by themselves try to identify these homeless people that are veterans in an effort to try to help them?

Mr. **Alvarez**. The answer is probably no except for the activities that Mr. Vogel described and those described by Dr. Ditzler. However, I think Dr. Blank who is in charge of the Veteran Readjustment Counseling Program which has 186 centers around the country can probably expand on that.

ASSISTANCE THROUGH VET CENTERS

Dr. **Blank**. Yes, sir. The agency has responded to this problem, particularly in the last 12 months. First of all, through the Veteran Centers, our outreach counselors are traveling to shelters when ever time is available identifying veterans, trying to find those who need help and in a number of cases, significant cases over the last year, getting them to help. In addition to that, a number of the alcohol and drug programs, again within the limits of their resources, are outreaching shelters for veterans who are identified as those with substance abuse.

In our work with the Veteran Centers also we have been working with social worker services in the medical facilities who are responding to this. It has not been reported programmatically and we have not assembled data on this project although we have asked for it in the last few months.

We expect to have it together eventually, but there is a great deal of work going on.

Mr. **Boner**. Would you submit to this Committee the data that you receive from that?

Dr. **Blank**. I would be happy to do so.

[The information follows:]

Homeless Veterans

The information on homeless veterans will be available sometime in May. At that time the Committee will be sent a copy.

NEEDS OF HOMELESS VETERANS

Mr. **Boner**. I respectfully submit to you that if your outreach counselors and others around this Nation are as overworked as they are in Nashville that their ability to get out and do other things is going to be limited. It may very well be that we as a Congress and you as a Veterans Administration need to debate this issue and set priorities. But I would not want myself or this Committee or anyone else to be deceived into thinking that while those employees are doing the best they can in light of their time restraints that we should walk away from here and think that as caesars we have washed our hands from a problem, a very strong and difficult social problem that does exist, by saying they are out there doing the best they can in their time available to them.

I would like to see some data on that and certainly would want to urge the Veterans Administration to recognize that there is a real need there. Now, it may not be a priority. If it isn't then that is an issue that we should all be aware of. But I would not want us to sugar coat it and think we have addressed it when I doubt very serious that we have, knowing the situation in Nashville as I do.

If Nashville's problem is anything near comparable to what is happening in the Nation, I would like to see some of the data because I think it would give an indication whether the effort is worth the results that may be derived from it.

Mr. Chairman, Thank you.

DIFFERENTIAL IN TREATING G-R-H ENTITLEMENT REDUCTIONS

Mr. BOLAND. Thank you, Bill.

I wonder, Don, if you can expand a little bit on the question I asked with reference to why the VA is treating differently some of the Gramm-Rudman reductions in the entitlement area. For instance, those reductions are going to take place as of March 1st in the loan guaranty program. You are going to continue that program as is, until all authority for the program has been exhausted.

Will you indicate what you base that particular opinion on?

Mr. IVERS. As I said earlier, Mr. Chairman, the treatment of the programs really depends upon the funds that are available in the program. The loan guaranty program was originally capped under Gramm-Rudman. As soon as it becomes apparent we might reach that cap, we began to explore steps to reduce, slow the program down and possibly reduce at least the number that might participate in it.

But as it became apparent that the legislation was going to be enacted that would raise the cap, we elected to go ahead and keep the program going and keep it going at the level that it normally does, in other words, allowing the same number of people in, the same types of people in and keep the loan guaranty amount at the same level.

That was the policy and programmatic decision more than a legal decision. Legally, as long as you meet the requirement of Gramm-Rudman, that is the reduction of the 4.3 percent; how you handle the program internally is really pretty much a programmatic decision. Since the cap was being raised, there was no need to treat it any differently or to take any of the steps that we initially proposed.

LOAN GUARANTY COMMITMENT CEILING

Mr. ALVAREZ. It was evident very, very soon after we looked at the alternatives, Mr. Chairman, that none of those steps were really going to have a major impact on us reaching the cap. Our volume of business was just growing at a tremendous rate and still continues to do so.

So it seemed to be a useless gesture in terms of trying to do something that would impact the program in terms of service to the veterans when we were going to be faced with the ultimate problem of meeting that cap anyway.

Mr. BOLAND. Of course, the programs, both programs should enjoy priority. I don't have any problem with that. With respect to loan guaranty program, those who projected the figures blew it. They indicated $13.5 million was sufficient when they actually missed it by about five billion dollars.

So maybe that has been corrected. When is the President signing that?

Mr. ALVAREZ. That is before the President now, but I should also add, Mr. Chairman, that this is a new situation for us.

Mr. BOLAND. That is true.

Mr. ALVAREZ. Now, with the law, it became an issue of having to manage within a cap. We did what we thought was best at the time.

Mr. IVERS. I might add one point, Mr. Chairman. In looking at proposed ways of reducing the impact of the cap on that program, we did determine that would not be able to cut off refinancing which is a mandatory statutory provision. The other two steps that we propose to take, that of limiting it to one time, to first time utilization and the other one—

Mr. VOGEL. It was a restriction of the loan amount to $90,000.

Mr. IVERS. Restriction on loan amount was not meant as it was stated in the statute and would be subject to administrative action. We could not deny a specific statutory benefit entirely and it was determined that re-financing would be a specific statutory benefit.

INCREASE IN LOAN GUARANTY FEE

Mr. BONER. Mr. Chairman, may I ask one question along that line?

Are there any plans or any consideration being given to increasing the fees for veterans' loans?

Mr. ALVAREZ. Yes, sir. In our 1987 proposal we have a proposal to increase the fee from one percent to two percent.

Mr. BONER. One percent to two percent?

Mr. ALVAREZ. Yes, sir.

Mr. BOLAND. You have reduced the loan rate to 9.5 percent. When did that happen?

Mr. ALVAREZ. Last Friday, sir.

Mr. BOLAND. How long has it been since you were in a single digit figure?

Mr. ALVAREZ. Since 1979.

Mr. VOGEL. 1979, sir.

Mr. BOLAND. You will get a little busy I would think.

Incidentally, I forgot to say when we opened that Tom Turnage has been recommended as the Administrator, of course. As you know Mr. Turnage has been before this Committee as Director of Selective Service. I was telling him that I hope you all help him very much because he has a budget of $27 million and he is now climbing to $25 billion, and he has a level of 277 FTEE, and now he is going to 220,000. That is a tremendous increase. I am sure he will be able to handle it.

You don't get demonstrators in the VA like they do at Selective Service, do you?

Mr. ALVAREZ. Not recently.

WEDNESDAY, MARCH 5, 1986.

MEDICAL CARE

Mr. BOLAND. We will turn to the Medical care.

Dr. Ditzler, we are delighted to have you and we will enter into the record all those who have come here with you today.

I know you have a statement.

Dr. DITZLER. Mr. Chairman, with your permission, I would like to submit it for the record and simply say I am very pleased to be here. I have brought all my staff with me. I would like to introduce you to a newcomer, Mr. Robert Lindsay, Director of Operations.

I think we stand ready to try and answer your questions.

[The statement of Dr. Ditzler follows:]

STATEMENT OF
JOHN W. DITZLER, M.D.
CHIEF MEDICAL DIRECTOR
DEPARTMENT OF MEDICINE AND SURGERY
VETERANS ADMINISTRATION

BEFORE THE
SUBCOMMITTEE ON HUD - INDEPENDENT AGENCIES
OF THE
HOUSE COMMITTEE ON APPROPRIATIONS
ON
FISCAL YEAR 1987 MEDICAL PROGRAM BUDGETS

MARCH 4, 1986

Mr. Chairman and Members of the Subcommittee:

I am pleased to be with you today to review the 1987 budget request for the medical programs of the Veterans Administration. The VA along with other government agencies is operating in a time of budget stringency necessitated by the goal of deficit reduction. Despite the reductions in this request we are committed to continue providing quality health care to eligible veteran beneficiaries. The Medical Care request for 1987 is $9.1 billion and 185,093 average employment. A net decrease of $46.2 million and 7,542 FTEE from the 1986 level. We estimate this request will support approximately 1,376,000 patients treated and 18.6 million outpatient visits. While this represents a decrease in the number of inpatients treated and a reduction in outpatient visits, we will continue to focus on insuring provision of quality health care services and expect this request to have no effect on that quality per se.

Medical Administration and Miscellaneous Operating Expenses (MAMOE) request for FY 1987 will support a physician staffing study estimated at $2,000,000 and reflects the transfer of the Postgraduate and Inservice Training (PIT) program to the Medical Care appropriation and the Facility Engineering, Planning and Construction Office (FEPAC) to the Construction appropriation through an administrative reorganization. The 1987 MAMOE employment level, after consideration of the transfers, will be 591 FTEE.

The Medical and Prosthetic Research appropriation request for 1987 is $188,915,000 which will support 4,266 FTEE. This is an increase of $7.8 million over the 1986 level adjusted to reflect implementation of PL 99-177. The request includes $3,450,000 for the continuing requirements of the Centers for Disease Control (CDC) Agent Orange Epidemiology study and 25 FTEE and $1,100,000 for the Congressionally mandated study of the Adult Day Health Care program.

Under Grants for Construction of State Extended Care Facilities, the requested 1987 level is $42,400,000, which is an increase of $21.6 million over the 1986 adjusted level. This level will allow progress in reducing the backlog of applications in this program and is a part of the President's long term care initiative, which will expand the use of VA - supported State and community nursing home programs. Authorizing legislation to continue this program will be proposed.

We are also requesting $500,000 for Grants to the Republic of the Philippines in 1987 and proposing authorizing legislation to continue this program. This grant supports the maintenance and upkeep of the Veterans Memorial Medical Center physical plant and facilities.

We continue to support Legislation to amend Title 38, U.S.C. to reform Medical Care eligibility by establishing a means test for applicable nonservice connected veterans of all ages as requested last year, and to effect reimbursement from third party insurance carriers for the cost of medical care and treatment to veterans with nonservice-connected disabilities.

This concludes my opening statement Mr. Chairman. I will be pleased to answer any questions you or members of the subcommittee may have.

Mr. **Boland**. Bob, have you been here before?

Mr. **Lindsay**. Yes, sir. Seven years ago.

Mr. **Boland**. Have we improved at all on this side of the table?

Mr. **Lindsay**. Is that in terms of the budget?

Mr. **Boland**. Why don't you go ahead, Dr. Ditzler?

Dr. **Ditzler**. I would simply like to point out I think the ratio of people to workload we expect to produce essentially remains the same in the 1987 budget as if we were dealing with a higher number of people and also a higher workload.

I think what we are trying to say is that if we take reductions in people and dollars then we want to reduce work load so that we at least have the same ability to produce a quality product.

Mr. **Boland**. Well, with a reduction in the amount of money and the reduction of the personnel, do you expect the quality of the product is going to be reduced?

Dr. **Ditzler**. No, sir, I do not expect the quality to change because the reduction that accompanies that will be severe in work load also.

QUALITY OF CARE

Mr. **Boland**. Let me give you the program for 1987. The budget request is $9,083,983,000. That is a decrease of $54,154,000 after the Gramm-Rudman sequestration of $117,557,000 in 1986. Average employment for 1987 is requested at a level of 185,093. That is a decrease of 7,542 FTEE below 1986.

How does the VA measure the quality of care at medical centers?

Dr. **Ditzler**. That is a multifaceted question and problem. The view of the consumer obviously has a large degree to do with how we measure, but on the other hand, I think quality is measured by association with our affiliated medical centers in many degrees.

I think quality is measured also by outside review such as Joint Commission on Accreditation of Hospitals. We have our own internal sections for review.

I think the quality is an issue that is measured also by the Inspector General and all other agencies of Government one way or another.

Mr. **Boland**. Do you use the diagnostic related group methodology in determining the quality of medical care?

Dr. **Ditzler**. We do not use that as determining quality. It is a resource allocation methodology. I think DRG is a measure of an attempt to fairly distribute resources. It does not, per se, relate to quality. Our new MEDIPRO approach goes beyond what the private sector has done in PROS in that PRO in the private sector attempt to examine whether the DRG is spending too much money or not, whereas the VA's MEDIPRO approach addresses the efficiency of whether DRG is causing harm to quality of care.

PATIENTS TREATED IN 1985

Mr. **Boland**. The number of patients treated in VA hospitals in 1985 was 1,305,702. That is an increase of 25,323 above last year's estimate of the number that would be treated in 1985. How do you account for this increase in the number of patients in 1985?

Dr. DITZLER. I think we had understated previously the amount of patients that we would be able to treat. In fact, I think the DRG process has forced efficiency.

We have also gone more to ambulatory care and alternative methods of inpatient care. I think frankly that we have become more efficient and could treat more patients than we had originally thought we could.

Mr. BOLAND. Based on the five months of experience you have had now with respect to 1986, is the current 1986 estimate of 1,305,702 accurate?

Dr. DITZLER. I would think so. There are constraints in patient care that come other than total numbers. We are getting into the comment made by many of our physicians all the time that, quote, "our patients are sicker." How to define that is often difficult, but I think there is no doubt that we are, of those patients we do hospitalize today, finding that they are sicker.

We have probably taken the less sick and put them in the ambulatory care mode and, therefore, those we do handle in hospitals are really indeed sicker.

LENGTH OF STAY

Mr. BOLAND. With reference to length of stay in VA hospitals, the average stay in 1985 was 19.2 days. That is one day less than the 20.2 days average length of stay estimated for last year in 1985. The current 1986 estimated length of stay in VA hospitals is 18.7 days. What about this? To what do you attribute this decrease?

Dr. DITZLER. I think the DRG has been the driving force to get people out into alternate methods of care. Concomitant with that, I think our system of measuring length of stay, based on averages, hides the fact that in acute medicine and surgery, we are probably down to the private sector level, five and six days. Therefore, the VA's length of stay considers those patient's census who are long term psych or have other long term neurologic diseases requiring length of stays of a year or more. The average private sector hospital does not have that type of patient census.

If one were to remove that from the method of calculation, I think it would be a dramatic drop.

Mr. BOLAND. Mr. Green.

GAO REPORT ON PATIENT LENGTH OF STAY

Mr. GREEN. On August 8, 1985, the GAO issued a report on the issue of length of stay in VA hospitals and they suggested that roughly 57 percent of the days of occupancy were medically necessary. Of the balance they thought 20 percent could be avoided with better patient management practices and 23 percent could have been avoided if alternate levels of care were available—obviously two very different problems.

If I could go to the first one, days that could be avoided with better patient management practices, have you taken some steps to respond to that?

Dr. DITZLER. First of all, I don't agree with them and, I have said so. I think Chairman Montgomery, who has been overseeing this issue also, has expressed to GAO his great displeasure with their statement.

The general reason that people take umbrage at increased length of stay in the world is the cost of the matter. We no longer reimburse our hospitals based on the number of days or shortness of days on the basis of whether they get the same amount of dollars.

We are now allocating funds by DRGs, which means that if the diagnosis for that particular period of time would require them to be discharged on the 11th day, after that the reimbursement rate is lower. So the individuals that the GAO found having longer lengths of stay were simply, in my judgment, being treated humanly. They weren't being dumped out on the street, which is true in many other areas.

ALTERNATE LEVELS OF CARE

Mr. GREEN. Let me turn to the second issue they raised; that is the statement there was a lack of suitable, lesser care facilities to which patients could have been moved from more expensive hospital-level facilities.

Dr. DITZLER. In part, that is true, sir, but on the other hand, in many cases of our elderly veterans where there is no spouse, there is no home, many of them are living in rooming houses, they have to be cared for somewhere and the alternatives in the private sector today simply aren't there for that mass volume.

Mr. GREEN. That raises the question whether Congress and the VA ought to be providing some form of additional domiciliaries area, or other type of care.

Dr. DITZLER. There should be alternate forms of care, that is correct. But whether it should be domiciliaries, I would think that would be a separate issue.

Mr. GREEN. I would welcome your judgment on what it should be.

Dr. DITZLER. We already have half-way houses, for those who are afflicted with alcohol or other problems. We are also aggressively seeking alternate forms of care for the long-term psychiatric patients.

Hospital based home care could be expanded into community service areas, if we can find enough physical therapists and other assorted helpers. Further legislation for this alternative is required.

Mr. GREEN. Let me take it one step further because you have hit on another area of concern to me.

In New York City a study of the people who use the men's shelter, which used to be in my district and which is now just across the street from the border of my district, shows that roughly 30 percent of the men there were veterans and these are people who have a fairly high degree of substance abuse or other psychiatric problems. I think there was a similar study in San Francisco, which came up with roughly the same proportion.

Again, it would seem as if there is a need for the kind of facilities that you are describing to deal with that population also.

Dr. **Ditzler**. I would agree. I think the question is whether we can operate within the resources we have. Another question is defining the lower levels of eligibility.

Mr. **Green**. Thank you, Mr. Chairman.

OCCUPANCY RATES

Mr. **Boland**. Page 5-39 of your justification reflects the average occupancy rate of VA hospitals in 1985 was 75.7 percent. That is nearly a four percent decrease below last year's estimate of 79.5 percent.

Dr. **Ditzler**. Mr. Chairman, I wish we didn't have such terms as occupancy rates. They are almost meaningless to the average Chief of Medicine, Chief of Surgery, Chief of Psychiatry, and for the following reasons. A 400 bed hospital, for example, may have 300 patients. The occupancy rate looks like it is 75 percent. However, each of those service chiefs may only have two or three beds to which they could admit a patient. If we have a female patient occupying a room, another bed is not used. If we have an AID's patient who starts out in a four-bed room, the other three beds are vacated.

So that we end up because of infectious disease isolation, female veteran patients and the bathroom facilities related to that, the inability to admit a patient on a given day to perhaps 75 percent of so-called vacant beds. I am looking forward to changing that, sir, and trying to get a number of beds available for admission which I think will show a much fairer distribution of the occupancy rates.

I think the second issue is that we publish the operating number of beds and while that is the potential of the beds that could be operational, the question of staffing, question of the disposition of the kinds of patients that I have just outlined affect the definition of, quote, "occupancy rate."

Mr. **Boland**. Would it be difficult to get a particular figure on the beds that are available for admission?

Dr. **Ditzler**. No, but we have just never done it on a national basis. It is done in almost every hospital in one fashion or another, but I think it is time we do that on a national basis.

Mr. **Boland**. You could get a comparison, I suppose, for particular VA hospitals and the number of beds available for admission, couldn't you?

Dr. **Ditzler**. Yes, sir. I think we need that.

[The information follows:]

Beds Available for Admission

Survey forms to elicit this information are currently being designed, although the variety of local situations are making the design format difficult. If the department is able to work through these difficulties, results could be expected within four to six weeks.

OPERATING BED LEVELS

Mr. **Boland**. How about the number of operating beds in VA hospitals? At the end of 1983 it was 79,602. The number of operating beds at the end of 1987 is estimated to be 73,550. That is a decrease of about 6,052, or an average of 35 bed per hospital. However, the VA does not propose to close any facilities.

How many of the 6,052 hospital beds will be converted to nursing care beds?

Dr. DITZLER. I think there is a figure in which we estimate there are about 1,400 under consideration. At the moment, we are only talking about actually going ahead with about three or four hundred of those, totally. I would think about half of those would have some potential for in-house change.

Again, the DRG driving force along with the private sector having a parallel response is that we are using less and less beds. We still have the mandate to have them on a standby basis, however, to a certain degree for support of DOD in time of national catastrophe so that we proportionately could not possibly put them all in mothballs even if we converted many of them to nursing home beds.

POTENTIAL OF HOSPITAL CLOSURES

Mr. BOLAND. From a medical standpoint, how long will it continue to make sense to reduce beds at each hospital instead of closing facilities?

Dr. DITZLER. We have looked at that particularly in view of the 1987 budget and although we do not at this time propose to close a facility, we clearly are mandating major admission changes in which some of them will become an out-patient function and a nursing home function. We are already proposing to close surgery in several of our hospitals so that I think there will be major mission changes.

There will be no formalized closures, but clearly they will not be functioning as they had been.

INVESTIGATION INTO PHYSICIAN LICENSURE

Mr. BOLAND. Last year the VA was beset on two fronts with separate investigations dealing with physician licenses and the alleged coziness between drug companies and its employees. As I understand it, a number of physicians were identified as having had their medical licenses revoked, suspended or restricted. Of course, many physicians have licenses to practice medicine in more than one state.

Can you summarize briefly the results of that investigation into physician licenses?

Dr. DITZLER. Yes, sir. Mr. Chairman, I think I can assure you that there is no physician practicing in the VA who does not have a valid unrestricted license to practice in at least one state. Now, of the number that were initially submitted to us, we are down to working with a small group, approximately 40, who, although they hold unrestricted valid licenses, may not have the minimum requirement for other states. These have been gone over minutely with each individual case.

I think we are essentially down to not only assuring that those who are practicing today are fully licensed, but that we have dealt with the issues of competency in that group. We can assure you that we are well on top of the issue.

Mr. BOLAND. Have any physicians been dismissed as a result of license problems?

Mr. LINDSAY. Yes. There has been one case in November of 1985 where a physician was dismissed.

Mr. BOLAND. One out of how many?

Mr. LINDSAY. One case out of 43.

Dr. DITZLER. This was 43 reduced from some 36,000 that were screened. We have another group that we are working on now, but of the first 36,000 screened, I believe we are down to that number.

Mr. BOLAND. What if a physician had his license revoked in one state but not in another? Under what circumstances would the VA continue to hire him or not hire him?

Dr. DITZLER. That is the problem we have had with 43 of the first several thousand screened. If the man is practicing in a competent manner and holds a valid unrestricted license, we cannot throw him out just because he holds a restricted license in one state.

On the other hand, if there is a question of competency, then we can remove him; this has been done.

CONFLICT OF INTEREST INVESTIGATION

Mr. BOLAND. With respect to the conflict of interest investigation that you had, how many cases were referred by the Inspector General to the Department of Medicine and Surgery?

Mr. ALVAREZ. I think the Inspector General can address that.

Mr. SATO. Mr. Chairman, Frank Sato.

Our investigation in this area started back in early 1984. We have referred 260 cases to the Department of Medicine and Surgery and these cases primarily involved receipts of honoraria, and travel expenses for conference speeches.

I believe all these cases have been thoroughly reviewed by the Department of Medicine and Surgery. There have been actions taken in certain cases. I am not aware of the final resolution of all the cases, but they have been reviewed and we have been working very closely with the DM&S people.

DISCIPLINARY ACTIONS

Mr. BOLAND. Dr. Ditzler do you want to expand on the number that have been referred by the IG to you and what has happened with them?

Dr. DITZLER. We have suspended some individuals. We can provide that to you on a confidential basis since you are the Chairman of the Committee. We have suspended people. We have some who have retired and left VA. We have had others who were counseled, others who were disciplined, the whole gamut.

We have taken action on all of those that were referred. A greater issue is one which the Special Medical Advisory Group to the VA Administrator came to grips with just a week ago. The Government Office of Ethics has issued such stringent regulations that it is almost impossible for us to have physicians working with universities and the VA at the same time and still conform with Government regulations.

In my judgment, although there are perhaps some loopholes that can be developed, the future recruitment of competent physicians could be affected negatively.

Mr. **Boland**. How many of the conflict-of-interest cases have been closed?

Mr. **Lindsay**. Let me respond to that.

Of the number of cases which were referred to us by the Inspector General after the actions were reviewed and the actions had been taken, 49 resulted in counseling, 20 admonishments, four reprimands, two are in suspense, so those two cases have not been closed, three suspensions and two cases are pending before disciplinary boards at the current time.

So those cases are in process. Then there is a handful of other cases in process but we are bringing it to closure very soon now, Mr. Chairman.

AGENCY REGULATIONS ON CONFLICT-OF-INTEREST

Mr. **Boland**. I presume you have established particular rules and regulations under which an employee can receive honoraria and other goods and services?

Dr. **Ditzler**. We have, but still we get letters from deans of medical schools on this issue every day. Chairman Montgomery recently sent me a letter that came from a dean in which he suggested that the rules and regulations as presented in a House subcommittee hearing on this very topic might be adopted and we are proceeding in that direction.

MIAMI CARDIAC SURGERY

Mr. **Boland**. The VA hospital in Miami had a problem with cardiac surgery. I understand that you suspended the cardiac surgery program at that hospital after an investigation, but it has now been resumed. Is that correct?

Dr. **Ditzler**. That is correct.

Mr. **Boland**. We understand that in order to allay concerns of the VA population facing cardiac surgery, a Commission would look at all the problems related to cardiology at all VA hospitals. The report is to be completed around the end of 1985. That is reflected on page 63 of last year's hearings.

Dr. **Ditzler**. The report has been received and we will be happy to furnish it to your Committee. We have furnished it to the House and Senate Oversight Committees already.

Mr. **Boland**. Can you give us a briefing on the results of that study?

Dr. **Ditzler**. The results primarily suggest that the direction we need to be going involves consolidating the number of cardiac surgery centers. This would provide a greater workload and a greater experience level in those hospitals where we do heart surgery. I think we are clearly heading from 40 heart surgery centers to a far lesser number.

Secondly, mortality rates have become an issue in which the problem is defining what is an acceptable rate. We are now addressing this in response to P.L. 99-166 which directed us to publish mortality and morbidity rates beginning next year.

So I think we will probably end up being leaders in publishing what mortality rates and morbidity rates should be. One problem is that you can't get national private sector rates. Everybody is very concerned in our litigious society, so they hide that type of thing. We probably will be the first in this regard.

MEDICAL MALPRACTICE SUITS

Mr. **Boland**. Do you have many medical malpractice suits pending?

Mr. **Ivers**. We have quite a number. I don't have a specific number with me, but I will be happy to supply it for the record.

Mr. **Boland**. Give us an idea of the number that have been filed over the past three years.

[The information follows:]

Medical Malpractice

There are currently pending 631 medical malpractice suits involving the Veterans Administration. Over the past 3 fiscal years, 833 new malpractice suits have been filed. In that period, 223 suits were dismissed short of a trial and 355 were settled. Out of the 167 cases that were tried to a conclusion, 119 cases, or 71 percent, resulted in judgment for the Government.

Mr. **Ivers**. Our rate of malpractice suits filed and litigated is well below that of the national average.

Mr. **Boland**. You were on the TV show Sixty Minutes?

Dr. **Ditzler**. Not yet, sir, but you will have the pleasure in another couple of weeks.

Mr. **Boland**. Who is going with you?

Dr. **Ditzler**. Congressman Mica, Chief of Staff Perez at Miami, and myself. I don't know who else, but I am not looking forward to it.

Mr. **Boland**. Of course you are. Mike Wallace is easy to face, if that is who it is going to be.

Dr. **Ditzler**. No, it is not Mike. It is Mr. Bradley, and I will reserve comment until after you see it.

STAFFING GUIDELINES

Mr. **Boland**. Last year we discussed VA's comprehensive approach to strategic management of the medical system. The three components are medical district-initiated program planning; DRGs, diagnostic related groups; and staffing guidelines.

Ms. Quandt said she expected to have 85 percent of manpower under staffing guidelines by October 1st of 1985, and that the remaining 15 percent, which covers physicians, would take another two years to complete. Did you reach the 85 percent by October 1st of 1985?

Ms. **Quandt**. We have reached the 85 percent. Actually, we are at 88 percent of staff and the remaining large group are the physicians which will be done by study pending availability of funds.

Mr. **Boland**. When will the physicians be covered by staffing guidelines?

Ms. **Quandt**. From the time we commence the study, it will take two years to accomplish.

RESOURCE ALLOCATION CAPS

Mr. **Boland**. Does the VA still limit the losses for a facility that does poorly under the new resources allocation guidelines? What is the limitation and how long do you expect to apply the limitation?

Dr. **Ditzler**. We have a capping process. The capping process this past year protected an individual facility that would be losing a large amount of dollars. The cap is three percent?

Mr. **Travers**. That is correct.

Dr. **Ditzler**. So they could not lose more than three percent of their total allocation from the prior year. This presents us with both an obligation and a challenge because in four to five years we will have to be making changes that will in effect be a redistribution of resources nationwide.

This becomes a problem in Florida where you could provide more care but can't use more money effectively, because they need more functional facilities.

So the capping works both ways. You cap not only those who are about to lose but you also cap those who are likely to gain because if facilities don't effectively use the dollars they get this year they are subject to lose it in the following year.

Mr. **Boland**. Have the hospitals that have been previously judged inefficient become more efficient?

Dr. **Ditzler**. Much more so. It has gotten the attention of everyone.

COST COMPARISON STUDIES

Mr. **Boland**. The VA requested $5 million for cost comparison studies in 1986. The Congress limited cost comparison studies to $2 million in 1986, the same level as in 1985. Last year, you provided for the record a list of the commercial-type activities you planned to study. You estimated studying 14 activities in 95 hospitals; that is reflected on pages 60 and 61 of last year's hearings. Were any funds spent on cost comparison studies in fiscal year 1985?

Ms. **Quandt**. No, they were not. In 1985, the limit was $2 million. We did not spend up to that amount because at that time the Office of Management and Budget was changing the guidelines to do A-76 studies and it would have meant double work had we started.

Mr. **Boland**. How about cost comparison studies for 1986?

Ms. **Quandt**. We have started in 1986 and we have a total of 296 studies underway.

Mr. **Boland**. In what areas?

Ms. **Quandt**. In the same areas that were listed last year.

Mr. **Boland**. Do you have any plans for conducting these studies in 1987?

Ms. **Quandt**. Yes, some of the studies carry over to fiscal year 1987 because it takes at least six months to do one of these studies and therefore it will continue on.

Mr. **Boland**. Does the 1987 budget include $2 million for this study.

Dr. **Ditzler**. Yes.

UNDERSTAFFING OF MEDICAL CARE SYSTEM

Mr. **Boland**. The 1986 Senate Appropriations Committee report directed that the VA determine what constitutes adequate levels of personnel resources at seven VA medical centers. By letter of June 18, 1985, the VA Administrator responded to that directive. According to the report, an analysis of the staffing guidelines at the medical centers being reported showed an average shortage of 10.8 percent compared with their actual employment. In addition, an analysis of staffing guidelines showed the entire VA medical care system understaffed by the average of 9.2 percent.

What has the VA done to address staffing problems at the seven medical centers associated with the five recently established medical schools? Have additional staffing resources been allocated?

Dr. **Ditzler**. Mr. Chairman, the one that was most severely affected, I believe, was Huntington, West Virginia. The five particular worse-off cases were those VA medical centers where new medical schools were recently established. The one that was most critically involved was Huntington and they have subsequently received, I believe, 20 FTEE, which changes their percent of deficiency considerably.

There was a misstatement in that letter in a sense. It showed, I believe, Huntington to be 23.7 percent deficient, but this was not adjusted to recognize the fact that all medical centers in the country are 9.2 percent below the staffing guidelines. So with the 20 additional people they now have, they are about five percent below the national average.

PHYSICIAN SPECIAL PAY

Mr. **Boland**. Now, the VA Inspector General recently indicated there is no indication that current special pay of $132 million is necessary to address physician recruitment and retention problems. I understand that you agree with that recommendation to establish a task force to address this issue.

Dr. **Ditzler**. We do have a task force to address what the IG report referred to. The problem I have relates to the implication of that IG report regarding physician pay. I think that it would be catastrophic to send out a message to those who are already faithfully serving the system. So I disagree with that aspect of the IG's report. In a separate report on physician's pay to the President, we did agree to decrease some physician bonuses if we could have grandfathered those already in the system.

Mr. **Boland**. Well, if you are going to grandfather them in, what would be required for that? Would you require the $132 million that Frank says isn't necessary?

Dr. **Ditzler**. I don't agree with that aspect of Mr. Sato's report.

Mr. **Boland**. There are a number of agencies that come before this Committee that don't agree with the Inspector General.

Dr. **Ditzler**. There is no malice here. I just don't believe that when the AMA and AHA and others show that the median income of physicians in this country is $104,000, that to take away from the average salary of even our senior physicians who are probably making somewhere in the high sixties, or low seventies, to take away from him six to ten thousand dollars is going to cause anything but disaster in the VA system.

Mr. **Boland**. Did I understand you have a task force that is addressing this issue?

Dr. **Ditzler**. That is correct.

Mr. **Boland**. Perhaps you will be guided by what it recommends?

Dr. **Ditzler**. There are two task forces—one in response to the IG that we more efficiently manage the program. Another task force reporting to the Administrator submitted the Biannual Presidential Commission Report, as required.

SMALL SURGICAL UNITS

Mr. **Boland**. Several VA hospitals have small surgical units which perform very few surgical procedures annually. For example, 27 of your hospitals have surgical units with less than 50 beds. In an audit report of the VA hospital of Miles City, Montana, the Inspector General wrote that on an average, the two full-time surgeons together perform one major procedure a week, and only about one minor procedure per work day.

Dr. **Ditzler**. I happen to agree with the IG there, sir.

Mr. **Boland**. What are you doing about it?

Dr. **Ditzler**. We plan to no longer have a surgical service there.

THIRD PARTY REIMBURSEMENTS

Mr. **Boland**. That sounds reasonable.

Last year the VA proposed legislation to effect reimbursement from third party insurance for the cost of medical services and treatment for veterans with non-service connected disabilities. It was estimated that the legislation would be effective October 1, 1985 and would save $65 million. This year the VA is again proposing reimbursement from third party insurance carriers. The 1987 budget says the legislation will be effective on April 1, 1986 and would save $10.4 million in 1986 and $187.5 million in 1987. That is almost the total amount that you are affected—it is more by about $70 million—by the Gramm-Rudman, isn't it?

Mr. **Alvarez**. Yes, sir.

Mr. **Boland**. What about it? Of course, you have got to get the legislation through anyhow.

Mr. **Alvarez**. Legislation is still pending.

Dr. **Ditzler**. With regard to the date.

Mr. **Boland**. Did you have hearings on it last year at all?

Dr. **Ditzler**. Yes.

Mr. **Boland**. Did you really? And nothing happened?

Mr. **Alvarez**. No.

Dr. **Ditzler**. It had initial approval by the House Veterans Affairs Committee, but not approval in the Senate. In December 1985, the two Committees agreed finally on a compromise package which was included in the reconciliation bill which then was not passed.

Mr. **Boland**. Why is the estimated savings of this legislation in 1987, $187.5 million, nearly three times greater than the savings estimated last year? You estimated the savings last year would be $65 million.

Dr. DITZLER. I ask Mr. Hoffman to respond. My estimate on this issue is that much of this has been influenced by CBO.

Ms. QUANDT. Part of this is, one, the time that the bill will become law, 90 days, to allow us to put it into effect. Then we have to wait for each insurance policy to be readjusted so that I think our estimates last year were slightly hopeful that the bill would pass.

If we have at least a quarter or more time in 1987, that would account for the difference in funds. Furthermore, we will then be able to accept for treatment those patients who do have insurance and it will increase the amount by that much.

Our formula is still based upon the fact that we anticipate 50 cents on the dollar billed.

RELATIONSHIP TO MEANS TEST

Mrs. BOGGS. Mr. Chairman, may I ask a question about that? Does a means test enter into this consideration?

Mr. ALVAREZ. The question was addressing the third party reimbursement.

Mrs. BOGGS. Yes.

Dr. DITZLER. The means test, quote, unquote, is essentially the driving force because we already bill third parties for various care provided, automobile accidents, and to private citizens that we treat in an emergency. We already collect approximately $15 million from third party reimbursement.

The third party reimbursement we are really talking about is companion legislation to the eligibility legislation. Part of it specifies that certain veterans will be eligible by law and those not eligible by law then will be required to pass a means test.

So that it is not anticipated that any veteran eligible by law would be billed even if he had insurance, particularly service-connected. So that we are really talking about those people who become eligible by virtue of the "means test" who are not otherwise entitled by law.

Mrs. BOGGS. What are the entitlements by law? Which patients are allowed to be treated?

Dr. DITZLER. The proposal was that all service connected, all pensioners, all World War I and older veterans, POWs, all claiming problems relating to Agent Orange, and radiation would, by law, be declared eligible veteran groups. Anybody else would be required to take a means test and whether they fell above or below a certain income level, would determine the eligibility.

MEANS TEST INCOME LEVELS

Mrs. BOGGS. Was one of the components of the means test someone who had an income twice the amount of the pension?

Dr. DITZLER. Those who would not be in the legislated eligible class having less than twice the pension level of income would be excluded under the original proposal. Under the compromise that was suggested during the last session of the Congress, I think the level of dollars was essentially changed.

Mrs. BOGGS. We have an increasingly aging population among the veterans and many of them have not been required to have an insurance policy because they could be treated at veterans hospitals. It is going to be awfully expensive for them to try to get into any kind of an insurance program.

I understand that if you are already in an insurance program and this is added, the actuarial difference will be very slight, but the older you are, the higher your rates are in order to get into a program. The cost of medical insurance is a very severe difficulty for many people who are older.

Dr. DITZLER. Don't let me convey a wrong impression. The veteran is not going to have to run out and get insurance before he gets care. We are simply saying that veterans who are cared for after the means test level of income is established and also have insurance, we will bill the insurance company. If they don't have insurance, so long as they meet the eligibility requirement, we will take them anyway. We will only bill those who happen to have insurance and become eligible. It will not force them to go out and get insurance.

Mrs. BOGGS. Thank you.

Mr. BOLAND. I take it that the means test is directly related to staffing ratio. If you don't provide sufficient staffing, then perhaps the means test would work, but you can't take care of those that are coming in if you don't have facilities and the staff to take care of those who require medical attention, then that figure is going to mount substantially, isn't it?

Dr. DITZLER. My judgment the whole issue is related to planning. We have 28 million veterans and in any given year we probably take care of no more than three to four million separately identifiable social security numbered veterans.

From a planning point and knowing the potential impact of the aging population, we might next year have to take care of ten million and you just can't plan for the dollars and the number of employees needed to cover such a huge spread between common users and the potential users, therefore, in a sense the means test expresses, the Administration's current position that the Government has a responsibility for the service-connected, POWs, and those that I have just listed before. Therefore, we are saying that the responsibility of the Government is to take care of those listed for sure and those others who are too poor to provide for their Medical care.

TREATMENT OF NON-SERVICE-CONNECTED VETERANS

Mr. BOLAND. What percentage of the beds are occupied by non-service-connected veterans?

Dr. DITZLER. Inpatient census is probably 69 percent. Outpatient visits is about 50/50.

ADMINISTRATION OF THIRD PARTY REIMBURSEMENT

Mr. BOLAND. Let me ask you about the cost of collection of reimbursement for medical care from insurance carriers, Ms. Quandt, I think there was an indication that it would be $55.7 million and would require 2,014 FTEE. You gave us that figure last year.

The costs would drop to $41.8 million a year thereafter, as reflected on page 58 of last year's hearings. Are those estimates for the cost of collecting the reimbursement accurate?

Ms. **Quandt**. The cost for collection in the current budget is much less than that because we have determined that if the third party reimbursement proposal passes, we will initiate the inpatient bills first, which would be approximately a quarter of a million and phase in the bills for the other multi-million numbers of outpatient visits. So the figure is smaller.

Mr. **Boland**. Now, are funds and FTEE for collection of reimbursements included in the 1987 Medical care budget?

Ms. **Quandt**. No, they are not.

OUTYEAR ESTIMATES

Mr. **Boland**. Last year the Administrator indicated that the outyear numbers for medical care were plugged numbers and were not meaningful. Are the future projections for dollars and staffing in the medical care account in the 1987 justification realistic, or are they also plug numbers?

Mr. **Alvarez**. Mr. Chairman, I would have to say that at this point these are, if you want to use the term plugged numbers. They will be changed as we go through the development each year.

Dr. **Ditzler**. Mr. Chairman, I think that answers Mr. Boner's question in part about Nashville. The so-called plug numbers essentially state the position that the Administration at least in their view do not believe that we can project outyear numbers based on just needs assessments but they have to project on the basis of what they really believe will be available.

I think that answers the question on Nashville because our priority needs assessments were reduced in order to reflect a more realistic appraisal of the outyear budget figures.

REPROGRAMMING FOR HIGHER PER DIEM COSTS

Mr. **Green**. On September 26, 1985, you sent to the Chairman, a copy to me, a letter advising of a reprogramming in the medical care area to accommodate higher per diem costs.

That reprogramming amounted to about a 15 percent cost increase as opposed to medical cost generally rising only six to seven percent in the economy. Can you explain why that was a higher rate?

If you could provide that for the record?

Dr. **Ditzler**. We will provide that for the record.

Mr. **Green**. September 26, 1985.

[The information follows:]

Medical Care Reprogramming

The reprogramming letter of September 1985 provided for a 15 percent increase in per diem rates in non-VA or Contract Hospitals. These facilities are utilized by the VA on a contractual basis to insure availability of care in areas where VA facilities are not available, as well as in certain emergent situations. We must therefore pay the rate charged by these facilities for the days of care they provide. Efforts continue to be made to closely monitor this program, including transfer of patients to VA facilities as soon as it is medically advisable.

MEDICAL SUPPLIES

Mr. **Boland**. A couple of years ago an IG report indicated that a Chicago area firm, which is a major supplier of health care products to the Federal Government, overcharged the Government by $12.4 million. The U.S. Attorney in Chicago declined prosecution but suggested that the IG refer the matter to the Civil Division of the Department of Justice. The IG referred the case to the Civil Division of Justice.

Has the Department of Justice decided to prosecute? If not, why?

Mr. **Sato**. That case, sir, is still pending before the Civil Division according to our most recent check about two weeks ago. The determination has not been made as yet as to how they are going to proceed. We are awaiting their decision.

Mr. **Boland**. Are you still doing business with the firm?

Mr. **Sato**. Yes.

Mr. **Boland**. Is the VA paying any special attention to the prices charged for health care products by Travenol?

Dr. **Ditzler**. I think we got especially good prices after that.

Mr. **Sato**. Yes. Those prices have been adjusted.

Dr. **Ditzler**. They have dropped drastically, as a matter of fact.

Mr. **Boland**. I think we will continue this discussion this afternoon.

AFTERNOON SESSION

Mr. **Sabo** [presiding]. Welcome back. In the past there has been discussion about one-day hospital stays. Last year, Dr. Ditzler said he believed the VA had tightened up on one-day stays. He further stated the action taken would sharply reduce the number of one-day stays.

The number of one-day stays in the VA system for fiscal years 1982 through 1984 were 103,391; 110,991; and 109,113 respectively, excluding one-day dialysis discharges. Have the number of one-day hospital stays continued to come down?

Dr. **Ditzler**. Mr. Chairman, I believe they have, but I would ask Ms. Quandt for confirmation.

Ms. **Quandt**. Yes, they have come down. They are down 6,700 to 102,323 in fiscal year 1985.

PILOT TEST TO ELIMINATE OPERATING RESTRAINTS

Mr. **Sabo**. The VA medical system operates under a number of restraints. Some of the restraints, such as not using personnel compensation and benefit funds for other objects of expense and limiting administrative travel funds, come from limitations in the Appropriations Act. Not being able to contract out for certain services is a restraint in the authorizing legislation.

The Department of Medicine and Surgery and OMB also place restraints on the use of funds. Combined, these restraints remove a great deal of a medical center director's discretion in operating a hospital. Last year there was a discussion of a pilot test that would remove constraints. One of the Grace Commission recommendations was for the VA to draft and propose legislation to eliminate the constraints placed on VA hospitals by Congress. The VA's comment was that the effect of various program and operational constraints remained under review.

What has been the result of your continued review and what constraints do you believe the Grace Commission was referring to?

Dr. **Ditzler**. The request was made by, if I remember correctly, the House Veterans Affairs Committee to OMB. We provided a response which identifed five pilot hospitals which would test a program of different methodologies, of operating a hospital free of some of these restraints.

Mr. **Sabo**. What are the constraints that the Grace Commission was speaking of?

Dr. **Ditzler**. The first thing I would want to eliminate is a set number of FTEE to provide for work load. My current indication is that we probably need somewhere between 33 and 35 percent of whatever dollars we get in the total process for "all other" costs. In the classic $40,000 per FTEE expenditure ratio, the relationship of dollars to provide for personal services and all other costs, tends to be about a two-to-one ratio. I think our needs in the "all other" for drugs and the changing technologies that are going on really exceed a 33 percent level.

The other thing is that with increasing efficiencies which I think we have demonstrated with DRGs, the issue is no longer the total number of people employed so much as the balance to provide for the workload. I think that we have clearly indicated many times that we can produce a workload with a lesser number of people.

I think the real issue comes to balancing the floor and ceiling on people with "all other" dollar needs. There has to be flexibility in that relationship.

The other area where we currently have, I think, problems is our GS-11 hiring of through 15s. We are trying to resolve this restriction but it is a problem.

Mr. **Sabo**. Too many?

Dr. **Ditzler**. No.

Mr. **Sabo**. What do you mean by the problem then?

GS-11 TO GS-15 CEILING

Dr. **Ditzler**. The problem is that we have increasing requirements for physical therapists, pharmacists and we also have essentially in Title V our leadership role people who are in the 11 through 15 grade levels. If you are going to run an efficient center, you would like to have your most efficient people in that level.

I don't think the level is high enough.

Mr. **Sabo**. The grade should be higher for certain personnel?

Dr. **Ditzler**. The grade level for certain types of personnel is not in excess of OPM regulations. The total number allowed gives us a problem.

Mr. **Alvarez**. We have had a limitation on the total number of GS-11 through 15 personnel throughout the agency. In these areas that Dr. Ditzler has described, it has tremendous impact on us.

Dr. **Ditzler**. Last year it really related to controlling the number of certain categories of GS employees.

BAY PINES AFFILIATION

Mr. **Sabo**. In the House report accompanying the 1986 appropriation bill, there was a mention of the proposed affiliation between the Saginaw Medical Center and the Michigan State Medical School, and the Bay Pines Medical Center and the University of South Florida. By letter dated July 29, 1985, the Chief Medical Director informed the Subcommittee he had approved an affiliation in internal medicine and general surgery at Saginaw Medical Center.

What is the status of an affiliation between the Bay Pines hospital and the University of South Florida?

Dr. **Ditzler**. Since August we have vigorously been pursuing a study of how that can best be resolved. My understanding is that within the next two weeks the final report will come to us. We have brought in people from the Association of American Medical Colleges. We have brought in people from all of the Tampa area and the district people. Many of my staff and I have visited and we are making an intensive review of a tremendous amount of data. We should be able to let you know our final decision, I would think, within a month.

JCAH CONTINGENCY ACCREDITATIONS

Mr. **Sabo**. The Joint Commission of Accreditation of Hospitals surveys the medical facilities of the VA. Last year you provided information to the Committee showing that three of your facilities have received JCAH accreditation with a contingency in 1984. What has been done for those three facilities given contingency accreditation in 1984?

Dr. **Ditzler**. Let me speak in general and then I will refer the question to my colleagues for the specifics.

In general, JCAH offers contingencies that do not necessarily relate to whether they accredit or do not accredit but they are simply items that they believe need to be done.

For example, if we have a fire and safety deficiency and it is perhaps not in the construction budget for three years, we will get a contingency but still get approval. The contingency is to remind us of the specific area.

Mr. **Lindsay**. All of our medical centers are accredited. At the current time we have 29 who have contingencies and are working their way out of those contingencies through various actions with or without the support of VA Central Office. This is a continuing issue that we will face every year as we go through this JCAH accreditation process.

FACILITIES WITH SEVERE DEFICIENCIES

Mr. **Sabo**. Last year we asked for a list of the five facilities with the most severe deficiencies. What has been done to help those five hospitals: Sheridan, Biloxi, Asheville, East Orange, and Montrose?

Mr. **Lindsay**. We can provide that for the record. That list of the top five is changing so you will not see the same top five on that list.

[The information follows:]

FACILITIES WITH SIGNIFICANT JCAH DEFICIENCIES

The five facilities have submitted action plans for all recommendations made by JCAH. Based on a review of these action plans by appropriate VACO officials, all five facilities were determined to be taking appropriate steps to implement the recommendations. JCAH has removed the contingencies for Biloxi, Sheridan and Asheville VAMCs. Action is in process to remove the remaining contingencies at East Orange and Montrose VAMCs.

Mr. SABO. Biloxi was on the list of five facilities with most severe deficiencies both last year and the year before that. Will it be off now?

Mr. LINDSAY. Biloxi, I don't believe it will be off the list, but we are making improvements.

Mr. SABO. Why was it on for two years in a row and potentially a third?

Mr. LINDSAY. The number of safety and fire protection deficiencies were numerous at Biloxi. Correction involves construction dollars and structural improvements.

GRECC'S

Mr. SABO. 1987 budget requests funds to support 10 GRECCs, Geriatric Research, Education, and Clinical Centers, currently in operation. As I understand, the Department of Medicine and Surgery has concurred with a recent GRECC program evaluation; is that correct?

Dr. MATHER. Yes, sir. The Office of Planning Analysis and Evaluation has completed its evaluation of the GRECC program with a very positive report and the Department has concurred in it.

Mr. SABO. You signed off it as Administrator?

Mr. ALVAREZ. I can provide that for the record. I am not sure whether we have.

[The information follows:]

GERIATRIC RESEARCH EDUCATION CLINICAL CENTERS

The GRECC program evaluation was approved by the Acting Administrator and will be transmitted to the Congressional Committees after it is printed.

Mr. SABO. What were the findings of the GRECC program evaluation? Were there any recommendations and, if so, what are the recommendations and what is the VA doing about them?

Dr. MATHER. Mr. Chairman, in general, the report was very favorable with regard to the GRECC program as a total program. It made a few specific recommendations about some individual centers and made one broad recommendation about improving the overall management information system. We initiated that two years ago through the various computerization efforts.

Mr. SABO. Would you supply us with a list of those recommendations?

Dr. MATHER. Yes, Mr. Chairman.

[The information follows:]

RECOMMENDATIONS FOR GERIATRIC RESEARCH, EDUCATION AND CLINICAL CENTER

1. Education: GRECC training opportunities are directed disproportionately at higher level health care professionals. DM&S should develop training opportunities for nurses, aides, and other members of the GRECC health care team with frequent patient contact.

2. Clinical Demonstration Models: The GRECC program has made uneven progress in developing innovative clinical demonstration models. DM&S should develop a process for development of clinical demonstration models and integrating clinical demonstrations with research and education programs.

3. Quality Assurance: GRECC personnel are a significant resource for quality assurance, but have not been involved in past quality assurance efforts. DM&S should develop a method to integrate GRECC personnel into medical center, district, and regional quality assurance initiatives.

4. Program Costs: The GRECC cost reporting system does not reflect total costs of the program, especially in the area of personnel. DM&S should develop program-wide guidelines for reporting reliable cost data for GRECCS.

5. Program Resources: Under the current resource allocation methodology for acute care in the VA, clinical research units such as GRECCs may rapidly become resource liabilities for medical centers, as lengths of stay usually exceed those of similar patients not involved with research protocols. DM&S should consider resource allocation options for clinical care of patients and establish methods to assure sufficient resources for care of these patients.

HOSPITAL-BASED HOME CARE

Mr. SABO. As I understand it, the VA is studying cost effectiveness of the hospital-based home care program. When will the study be completed?

Dr. MATHER. Mr. Chairman, last year the Office of Management and Budget requested a status report of our judgment about the cost-effectiveness of the hospital-based home care program. We provided that report to the Office of Management and Budget. Further evaluations are dependent upon a couple of health services research projects that are under way. These will probably not be completed for at least another year. However, overall we think the program, based on our evaluation, shows its cost-effectiveness.

Mr. SABO. Have there been other studies done?

Dr. MATHER. The report that we provided to the Office of Management and Budget I think included four VA studies, per se, but many others are studying home health care in general.

Mr. SABO. What were the results of these studies?

Dr. MATHER. Studies showed that, given the status of understanding on how to evaluate these kinds of programs, the hospital-based home care program in the VA is a cost effective program.

Mr. SABO. What is OMB's reaction?

Dr. MATHER. I think it is reflected in the 1987 budget in the sense that they have approved additional hospital-based home care programs in the budget and also endorsed one of our recommendations to seek legislation for a contract program.

EXPERIMENTAL PTSD TREATMENT PROGRAM

Mr. SABO. As I understand it, an experimental PTSD treatment program at the Miami medical center was a success. Because of the success of that experimental program, a larger pilot project has been set up to see if the program could be expanded system-wide. The program includes a three week period of intensive therapy. Has the larger pilot test project been set up and, if so, at what locations?

Dr. BROWN. The biggest PTSD program we have is in Cleveland, a prototype which was funded and staffed with 30 FTEE, and $1.4 million last year. It is currently just getting into full operation.

Mr. SABO. This was an experimental program in Miami.

Dr. **Brown**. I am not familiar with the results of that.

Mr. **Sabo**. Would you provide that answer for the record then?

[The information follows:]

THE EXPERIMENTAL MIAMI PTSD PROGRAM

The experimental program at Miami VA Medical Center has been discontinued for many months. Its success can not be determined. The positive elements are (1) The program developed some early data showing positive results based on psychological testing; (2) Active abreaction, group support, vocational and community focus make the program a useful model; (3) The broad spectrum of collaboration between the Vet Center and the VA Medical Center. The negative elements are (1) The program screened patients so carefully, that its applicability to the broad range of VA programs and patients can not be assessed (i.e. they only took cases which they considered representative of the purest examples of PTSD); (2) The program was not retained for long enough at the VA Medical Center to enable us to provide a substantive assessment of its long term utility; (3) It utilized a very substantial amount of staff time, and therefore might be too expensive.

CHANGE IN OBLIGATED BALANCES

Mr. **Sabo**. Page 5-13 of your justification, you show an obligated but unexpended balance of $1,404,980,000 in the medical care account at the end of 1987. That is approximately 20 percent higher than the $1,164,421,000 obligated but unexpended balance at the end of 1985. The obligated but unexpended balance at the end of 1984 was $1,036,101,000. What accounts for this 20 percent increase in this obligated but unexpended balance in the medical care account?

Mr. **Travers**. I would have to get that for the record, sir.

Mr. **Hoffman**. Mr. Chairman, with your permission, may we provide that for the record?

Mr. **Sabo**. Certainly.

[The information follows:]

MEDICAL CARE OBLIGATION BALANCE, END OF YEAR

The obligated balance, end of year offsets the obligated balance start of year in determining that portion of a year's net obligations that will be outlayed. The end of year balance includes those items obligated during a fiscal year but not outlayed either due to undelivered orders (e.g. equipment that has been ordered but not delivered) or to payroll accruals (employee pay owed but not paid until the next fiscal year). The end of year balance of obligations not outlayed becomes the beginning balance in the subsequent year.

The two year increase of 20% is well within that experienced from 1980 to 1985 in which the average annual increase exceeded 16%. The increase estimated for each year 1986 and 1987 is a rather conservative 10%. A portion of each year's increase is due to the fact that there is one more paid day accrued at the end of 1986 and two days in 1987 when compared to 1985.

It is important to note that the basic relationship of budget authority, obligations and outlays remains fairly constant. From 1985 to 1987 budget authority and obligations are estimated to increase 2.3% and outlays 2.7%.

VARIANCE IN COST SAVINGS PER FTEE

Mr. **Sabo**. On page 5-16 you show a decrease of $351,116,000 and 6,988 FTEE due to treating fewer low priority veterans, and $57,200,000 and 1,939 FTEE due to a one percent productivity increase. The average cost for treating fewer low priority veterans is just about $50,000 per FTEE. An average cost per FTEE due to the one percent productivity increase is just below $30,000.

Why the difference in the average cost per FTEE between the two categories? How will you achieve a one percent productivity increase in 1987?

Dr. DITZLER. I am going to ask Mr. Travers to answer that, but first, for the record, let me disclaim "low priority veteran". That is an abomination that crept into the language and we really mean to refer to those veterans who, on an eligibility basis, would be at the bottom of the priority level for that care. It does not mean that the veteran himself is a low priority.

Mr. SABO. So the term you prefer is low priority eligible veteran.

Dr. DITZLER. That is right: it is an abomination of terms that should never have been there.

Mr. TRAVERS. In the treatment of the category referred to as low priority veteran, we are dealing with the direct patient care activity. With regard to the one percent productivity increase, we propose to look at this adjustment in the same fashion as we did last year, by taking the cost of administrative activities which have a lower average salary.

Mr. SABO. The question was in looking at the numbers, it would seem to indicate that the treatment of a reduced number of eligible veterans saves $50,000 per FTEE according to documents, but productivity increases save only $30,000 per FTEE.

Why that $20,000 difference?

Mr. TRAVERS. It is the relationship of both personnel service cost and all other operating costs to just personnel service cost.

Mr. SABO. The productivity gain is simply personnel?

Mr. DUNN. Productivity is based simply on the average salary. Your so-called low priority, workload reduction is the total cost of providing care so that includes salary plus the cost of drugs, medicines, et cetera.

ONE PERCENT PRODUCTIVITY INCREASES

Mr. SABO. How will you achieve a one percent productivity gain in 1987?

Dr. DITZLER. We plan to remove the individual FTEE from the administrative side of all of our hospitals on a basis proportionate to their workload.

PRODUCTIVITY DECLINE

Mr. SABO. The most recent annual Federal Productivity Management project report shows a decline in productivity for the Department of Medicine and Surgery of four percent from 1983 to 1984.

Why was there a decline in productivity from 1983 to 1984 in the Department of Medicine and Surgery? As I understand it, the VA submits the productivity and staff data to the Bureau of Labor Statistics for inclusion in the annual report.

Mr. HOFFMAN. Mr. Chairman, what appears to be happening here is that there is not adequate coverage in a work measurement situation to account for all patients being treated. This is being looked at.

The indicators are developed by the Department of Medicine and Surgery and they will determine where we are missing patient counts. If you look at 1984 to 1985 or 1983 to 1984, you will see that not only did the number of patients treated increase, but there is a substantial increase in the number of outpatient visits.

So, obviously, the indicator should show a favorable trend and not an unfavorable trend. We expect when the 1985 data comes out, we will see that, but with the permission again of the Chairman we will address that in the response to the question in more detail.

[The information follows:]

FACTORS AFFECTING PRODUCTIVITY, FY 83 TO FY 84

DEPARTMENT OF MEDICINE AND SURGERY

1. In nursing service, output dropped from 61,507,913 in FY83 to 57,931,226 in FY84, while staffing experienced a 3% increase. These trends reflect the increasing complexity of care associated with a continually aging veteran population.

2. The decline in inpatient dosages of about 89 million, a 24% drop, occurred in ward stock and automatic replenishment activity. This was a normal, expected occurrence with the conversion to unit dose dispensing.

3. In social work service, "cases treated" reflected a slight decrease. In the future, a more accurate indicator would also consider employees treated, field trips, and placements.

DEPARTMENT OF VETERANS BENEFITS

1. Drastic changes in workload from year to year in Loan Guarantee without a corresponding change in staff causes inordinate fluctuations in output and productivity indices.

1984 DM&S PRODUCTIVITY

DM&S measures productivity in 27 work activities. These measured activities represent almost 70% of total employee years. Productivity decreased from 1983 to 1984 in 13 activities and increased in 14 activities. These changes resulted in an overall DM&S decrease of 4%.

The DM&S decrease was primarily due to a 9% drop in nursing service productivity, which accounts for about half of DM&S measured employee years. Nursing service patients declined from 19,820,560 patients in 1983 to 18,667,994 in 1984 while employee years increased from 60,749 in 1983 to 62,891 in 1984.

DM&S inpatient and outpatient visits increased from 1983 to 1984. Nursing service patients, however, showed a decrease because contract outpatient visits were excluded in 1984 from the overall nursing service patient counts used in previous years. Although this change in count more accurately reflects nursing service productivity, it caused a steep drop in productivity, because as previously indicated, prior year figures included contract outpatient visits. For comparative purposes, including the contract outpatient visits in 1984 would have resulted in a drop of 3% in nursing service productivity and a 1% drop in DM&S productivity from the previous year.

DM&S efforts to increase the quality of care through additional nursing service staffing (i.e., increasing nursing service FTEE to patient ratios) will continue to reflect decreased productivity until such time that a better means of measuring increased complexity and quality of care is developed.

CONVERSION TO NURSING HOME BEDS

Mr. **SABO**. The 1987 budget calls for the conversion of existing hospital beds to nursing home beds. You indicate 59 excess hospital beds will be converted during 1987. At which medical centers will these beds be converted?

Dr. **DITZLER**. Can we supply that for the record?

Mr. **SABO**. Also, tell us how they were selected and how many other hospital beds meet the same criteria and can be considered as candidates for conversion.

Dr. **DITZLER**. We will be happy to supply that for the record.

[The information follows:]

CONVERSION OF EXISTING HOSPITAL BEDS TO NURSING HOME CARE BEDS

At VAMC Buffalo, 34 hospital beds are to be converted to nursing home beds and at Batavia, 25 beds are to be converted. The conversion to nursing home beds is taking place at these Medical Centers because the conversion is programmatically and demographically justified. All conversions will be based on the following factors: (1) confirmation, through the MEDIPP process, that potential convertible beds are availble and located where nursing home beds are needed and (2) the availability of resources to convert hospital beds to a more non-institutional, nursing home care environment, including necessary space to accommodate special nursing home program requirements. Presently over 1400 beds have been identified as potential candidates of conversion.

Mr. SABO. The 1987 minor construction budget indicates you expect to spend $4 million for these conversions. What costs are involved in conversion?

Dr. DITZLER. In general, the costs are incurred to make the rooms habitable for the type of patient that is going to occupy it. The institutional environment that normally surrounds an ordinary hospital ward is not very conducive to providing care for a nursing home-type patient. Secondly, in some places that have been declared surplus, there are still existing fire and safety deficiencies to be corrected. So it comes under two areas. It requires making the unit satisfactory as a nursing home unit, non-institutional in appearance and correcting and updating of safety factors.

EXPANSION OF CONTRACT CARE AND COMMUNITY NURSING HOMES

Mr. SABO. In the 1987 budget you indicate you plan to increase your reliance on contract care and community nursing homes. When you contract with these homes, you place veterans in a nursing facility that may have a large number of patients supported by other Federal programs including Medicaid and Medicare.

If the VA increases its use of contracted community nursing home beds, do you believe there would be displacement of other publicly supported patients?

Dr. DITZLER. I have no way of really answering that question. I simply know that in some of our communities they are very, very anxious to get VA patients. In other areas where they are underbuilt, we have problems competing.

Mr. SABO. Are your reimbursements the same as Medicaid in the individual states or are they different?

Dr. DITZLER. It varies with the states for Medicaid. Medicare is generally matched.

Mr. SABO. But Medicaid?

Dr. DITZLER. Some states, I believe, have lower Medicaid rates than others.

Mr. SABO. What specific steps does MEDIPP use in estimating the number of community nursing home beds available to the VA in each primary service area?

Dr. DITZLER. The question, I believe, is how do the MEDIPP planners arrive at the determination that there are enough community nursing home beds.

Ms. QUANDT. That is done by a local assessment of the planners in the districts and it is based on our experience and the census maintained.

Mr. SABO. To what extent have you fully utilized beds that may be available to the VA in community nursing homes currently under contract?

Dr. DITZLER. As much as we can. I think one of the fences that we spoke of before is in part related to the fact that we sometimes have difficulty in shifting the funds fast enough.

I think this is one of the fences that we have a problem with.

Mr. SABO. Is there a limit to the number of VA patients that could be cared for in contract and community nursing home facilities?

Dr. DITZLER. At the moment we plan for a census based on the probable dollars in that contract account.

Mr. SABO. If dollars weren't a restraint, are there other limits?

Dr. DITZLER. Not in my judgment, except if the community itself simply is under-bedded. That would be a restraining factor.

Mr. SABO. Do most community nursing homes want VA contracts?

Dr. DITZLER. Those that I am aware of.

QUALITY INSPECTION IN COMMUNITY NURSING HOMES

Mr. SABO. The VA has inspection mechanisms in place to ensure that veterans treated in contract hospitals and community nursing homes are being cared for in facilities with the capability to provide the needed care. Concerns about the delivery of quality care, however, arise from time to time. What corrective measures are undertaken when problems with the quality of care are identified in a contract facility?

Dr. DITZLER. Generally speaking, we stop using them unless they correct the problem.

Mr. SABO. Were any contracts suspended in 1985 for lack of quality?

Dr. DITZLER. I have to provide that for the record. I know we have had problems with some but we have been able to get them corrected.

Mr. SABO. Would you indicate for the record any contracts suspended or not renewed in 1985 for lack of quality?

[The information follows:]

CONTRACTS WITH COMMUNITY NURSING HOME CARE FACILITIES

The VA contracts with approximately 3200 community nursing homes nationwide. Before initiating or renewing a contract, interdisciplinary teams from VA medical centers review the State Agency Certification Survey for compliance with Medicare/Medicaid standards. If any questions are raised during this review process, the VA medical center may send a full or special team to evaluate the facility. If no questions are raised, a smaller team of only a nurse and a social worker visit the facility to evaluate quality of care and quality of life. In most instances where there are deficiencies, facilities take corrective action. In those instances where deficiencies are identified and not corrected, the contract is terminated or not renewed. Information on the number of contracts terminated or not renewed because of deficiencies is not readily available since it is maintained at the medical center and is not reported to central office.

The VA will conduct a survey of 10 VA medical centers, including some from rural as well as urban areas, to determine for fiscal years 1983, 1984 and 1985 the total number of community nursing homes under contract at the beginning of he year, the number of contracts terminated during the year because of deficiencies, and the number of contracts not renewed during the year because of deficiencies.

The kind of deficiency will be identified. A report of the survey will be provided within 30 days.

MOST EFFICIENT ORGANIZATION

Mr. **Sabo**. On page 5-21, you requested five million dollars to support MEO—Most Efficient Organization—studies in 1987. How much is being spent for that in 1986?

Ms. **Quandt**. Nothing has been spent for that in 1986.

Mr. **Sabo**. How will the money be spent in 1987?

Ms. **Quandt**. It will be spent in 1987 on special high priority studies for management and efficiency improvement in certain areas of the Department such as dietetics and laboratories.

Mr. **Sabo**. Department-wide or in specific hospitals?

Ms. **Quandt**. A study will be done in one model hospital and the results then exported.

MEDICAL DISTRICT INITIATED PEER REVIEW ORGANIZATION

Mr. **Sabo**. On page 5-22, you are requesting an increase of $3,339,000 and 54 FTEE for the MEDIPRO program in 1987; that is, the Medical District Initiated Peer Review Organization. In total, what is in the 1987 budget for the MEDIPRO program?

Dr. **Ditzler**. Mr. Chairman, that essentially is the 1987 MEDIPRO program.

Mr. **Sabo**. Is this an increase?

Dr. **Ditzler**. We are doing MEDIPRO now under our own self-funded, if you will, mechanisms, but in order to export this to all of our medical districts, we need this number of people and dollars to get it off and running.

An alternative option would be to contract out with a PRO, a Professional Review Organization, in the private sector. My concern is that their interest is cost-efficiency. They really don't care much about the quality. Our interest in MEDIPRO is to use it in reverse. Our concern is that economic constraints and the drive for more efficiency hurts the quality of care.

Mr. **Sabo**. This is basically to monitor the quality of care at the VA hospitals?

Dr. **Ditzler**. It is to set up a major monitoring system throughout the country.

POST-GRADUATE AND IN-SERVICE TRAINING TRANSFER

Mr. **Sabo**. In 1987, you propose to transfer the post-graduate and in service training program from the Medical Administration and Miscellaneous Operating Expenses accounts to the medical care appropriation. Why are you proposing to do this?

Dr. **Ditzler**. I think in simplest terms. It is to put the money where the action is. That part of the appropriation is for training of people out in the medical centers themselves. This associates that portion of the budget where the need is.

ONE-TIME GERIATRIC INITIATIVE

Mr. **Sabo**. On page 5–25 you indicate a decrease of $3,615,000 and 101 FTEE in 1987 due to a one-time geriatric initiative. Would you explain what that initiative is?

Dr. **Ditzler**. In 1986, we succeeded in contracting out at a number of medical centers where our costs for house staff became less through a contractual arrangement. As a result, we saved that amount of money in 1986. Since the emphasis is to try to do something about geriatrics, we put that money in house staff training emphasizing geriatrics. These resources will not be available in the 1987 budget.

Mr. **Sabo**. Why won't they be available?

Dr. **Ditzler**. We simply do not have sufficient funds to continue.

EDUCATION AND TRAINING

Mr. **Sabo**. Also on page 5–25, under education and training and resource summary, you request $1,439,000 and 34 FTEE due to a program increase. Specifically, what is the increase and for what program?

Dr. **Ditzler**. Education and training reductions contained in P.L. 99–177 for 1986 were not carried forward into 1987. As a result, these resources are reflected as program increases in the 1987 budget request.

Mr. **Green**. On this whole area of medical training, you sent us on December 4th—I guess we got it—the annual report under the Veterans' Administration Medical School Assistance and Health Manpower Training Act of 1972. I noted that the program apparently continues to thrive and be looked on with favor by OMB and the Administration at the same time that they seem to be cutting back on all the other health training programs that the Federal Government funds. Do you have any feel for why this dichotomy exists?

Dr. **Ditzler**. I think the dichotomy exists because the program was initiated 10 to 15 years ago and is essentially running out. The commitment was made to provide funding to various schools over a certain period of time. I think it is because of prior contractual arrangements that it is been sustained. Additional funding is not being requested. We are only honoring prior commitments.

Mr. **Green**. So that is money that has already been obligated?

Dr. **Ditzler**. That is my understanding.

Mr. **Green**. When does it run out?

Dr. **Ditzler**. It varies by school, but I can provide that for you. My understanding is most all of it runs out fairly soon.

Mr. **Green**. If you could provide that. Thank you.

[The information follows:]

Assistance for Health Manpower Training Institutions

There is actually no dichotomy here, because there has been no new money appropriated for that program since FY 1979. The VA simply obligated the appropriated multi-year funds for the express purposes of PL 92-541, and all grants ended September 30, 1985. Thus, the program has now ended.

ADVANCED TECHNOLOGY MEDICAL EQUIPMENT

Mr. **Sabo**. Congress had urged the VA to utilize $10 million of its 1986 appropriation for advanced technology medical equipment. The table on page 5–28 indicates you are not requesting any funds for the advanced technology medical equipment program in 1987. Why? What is the priority of that program?

Dr. **Ditzler**. Well, I would put the priority very high, but in terms of the budget levels, it becomes one of those vanishing items that would be nice to have. We already have applications for sharing with the private sector in excess of $10 million contained in 1986. In terms of the cost of high technology equipment, it would be nice to have if we could afford the luxury.

Mr. **Lindsay**. Might I add to that, Dr. Ditzler?

Dr. **Ditzler**. Please.

Mr. **Lindsay**. The $10 million is for 1986 only. We have been swamped with applications from the field. We will be making a decision within the next couple of weeks as to which medical centers will be allowed to submit final proposals. At the end of all this, we intend to write a report to share our findings with the various committees. It has hit a responsive cord in the field both at the medical center level and at those private organizations who wish to associate with us in providing dollars for the partial support of high technology equipment.

It seems very promising just as Dr. Ditzler described.

Mr. **Sabo**. Is that new high tech equipment you are getting related to the productivity increases in 1987?

Dr. **Ditzler**. No, it is not related. We have a high tech lithotripter which is a fancy gadget for crushing kidney stones, et cetera, in operation now in New York City at the Bronx Hospital. It is in operation jointly with a medical school, Sinai, a private veterans service organization, the Paralyzed Veterans of America and with the VA. It is located in the VA hospital. The university people staff it and thus far it has been working out very well. We have many more who would like be in a similar situation.

CONTRACT HOSPITAL

Mr. **Sabo**. On page 5–40, under contract hospitals, your current estimate for the number of patients treated in 1986 is 26,399. That is 3,812 less than estimated last year for 1986. The 1987 request assumes a further decrease in the number of patients treated, to 24,437.

Why is the VA reducing the number of patients treated in contract hospitals in 1986 below last year's estimate and why is there a continuing pattern in 1987?

Dr. **Ditzler**. I will ask for help if I don't get this right, but my understanding is that in part it relates to Puerto Rico in that we are required to decrease expenditures in Puerto Rico for contract care by 15 percent in 1986 and 50 percent in 1987 in accordance with P.L. 99–166.

Therefore, the mix of patients that will be treated changes and results in a higher cost per patient treated.

Mr. **Sabo**. The bulk of it relates to the change in Puerto Rico.

Dr. **Ditzler**. Yes, and the change in mix.

Mr. **Green**. Could you spell out why this is going on in Puerto Rico?

Dr. **Ditzler**. It was the wish of the Congress, sir, that we reduce the contract activity in Puerto Rico, this would be done to phase out the special contracting authority for non-service-connected veterans in Puerto Rico. This is a reversal, if I remember my history, of the 1933 Franklin Roosevelt doctrine which indicated that because there were no facilities in Puerto Rico, all non-service-connected would be treated as service-connected.

My understanding of the congressional action is that that particular feature of the law will be non-existent in three years.

Mr. **Green**. You now have facilities in Puerto Rico?

Dr. **Ditzler**. We have a VA hospital. We have expanded the number of outpatient clinics, and we expect within this period of time to have also built a 120-bed nursing home unit.

Mr. **Green**. Thank you, Mr. Chairman.

CIVILIAN HEALTH AND MEDICAL PROGRAM OF THE VA

Mr. **Sabo**. On page 542, you show $109,096,000 for CHAMPVA, Civilian Health and Medical Program of the VA, in 1987. That is an increase of $27,399,000 above your current 1986 estimate. I also note that 1985 CHAMPVA obligations were $82,522,000 an increase of $12,038,000 above last year's estimate for 1985.

Why was the 1985 cost of CHAMPVA 17 percent higher than estimated last year? Why will the 1987 program increase by one-third?

Dr. **Ditzler**. Well, in part, this is a reflection of the medical costs in the private sector. We care for the CHAMPVA beneficiaries essentially in the private sector. We are also a part of the CHAMPUS of DOD using the same mechanism, if you will, for the contracting.

I believe costs, in large measure will depend, on whether DOD change the supplier system, to one which is cheaper. Our current estimate is that unless some HMO or some other type of corporate structure is used which is less than the prevailing medical care rates in the private sector, than we will have that amount of cost.

SUPPLIES AND MATERIALS 1985

Mr. **Sabo**. Last year you estimated $1,302,577,000 for supplies and materials in 1985. You actually obligated $1,354,386,000 for supplies and materials in 1985, an increase, of almost $52 million. Why did the VA obligate $51,809,000 more for supplies and materials in fiscal year 1985 than it estimated last year? Where did the additional funds come from?

Dr. **Ditzler**. Mr. Travers, can you help?

Mr. **Travers**. I will have to supply it for the record.

Mr. **Sabo**. Okay.

[The information follows:]

Obligations for Supplies and Materials

Actual obligations for 1985 exceeded the estimate prepared for the 1986 budget by $51.8 million or 3.8% (total supplies and materials exceed $1.3 billion). At the time the 1985 estimate was prepared the over-all availability of funds dictated that a conservative estimate be made. Object class distributions are presented as our best estimate of how funds will be obligated by field facilities, but are not intended as controls. VA medical centers incur cost in individual objects of expense based on facility determinations of what items must be purchased to treat that current mix of patients.

POST-TRAUMATIC STRESS DISORDER—CLEVELAND

Mr. **Stokes**. Mr. Chairman, if I can ask a couple questions.

Earlier on, someone had mentioned the Post-Traumatic Stress Disorder Center in Cleveland VA Hospital. Is there someone here that can talk about that program?

Dr. **Brown**. I can discuss it somewhat, sir.

Mr. **Stokes**. Can you tell us a little bit about the program, what you understand about it?

Dr. **Brown**. Yes, sir. It is to do several things. First of all, it is to establish a model PTSD program and to study both the method for treatment of PTSD there, compare it with other programs and to assist us in determining what is the best method of treating post traumatic stress disorder. They are also charged with research in the sense that they are to study the various processes, the various bodies of treatment and to develop data on what is most effective.

They also are charged with the responsibility of educating the VA personnel. They work very closely with the Vet Center Program, as well as inpatients and outpatients for post traumatic stress disorder and are trying to establish a very balanced program so that their studies will be helpful to the entire VA.

Mr. **Stokes**. Have you had a chance to monitor that program to see what type of success they are having with it or what problems have been encountered?

Dr. **Brown**. We have no measures of their success as yet, sir. They just got started last year and have yet to get a full year's experience.

Mr. **Stokes**. I suppose we have estimates to indicate there are perhaps in excess of 500,000 veterans that have encountered this problem of post-traumatic stress disorder. Has the VA done anything in terms of a national study with reference to this particular problem?

Dr. **Brown**. Dr. Blank can pick it up from here because he is in charge of that study.

Dr. **Blank**. Yes, sir. Such a study was mandated by the Congress and is now underway. This is a major nation-wide assessment of PTSD in Vietnam veterans specifically. It is a fully contracted out study.

It is being conducted by the Research Triangle Institute in North Carolina under our supervision and we have a project officer who is monitoring it. We have completed or nearly completed the pilot phase testing of the instrumentation in the field.

So far things are working well. We expect that the main nationwide study interviews will begin this summer.

Mr. **Stokes**. I see. Currently then the only clinic that has been set up is out there in Cleveland, is that it, or do you have some others?

Dr. **Brown**. There are 13 around the country in our hospitals. The largest one is in Cleveland and that is our national center, however, I would like to underscore the fact that post—traumatic stress disorder is treated in many facilities. The Vet Centers, outpatient facilities of our hospitals as well as inpatient facilities are treating patients with PTSD whether or not they have been officially designated as having centers.

Mr. **Stokes**. Mr. Chairman, I have some other questions getting into the medical aspect. If you want to wait, I can wait a while and ask them later.

Mr. **Sabo**. Okay. Mrs. Boggs, any questions for anyone?

AWARDS

Mrs. **Boggs**. I will have some questions later, however I wish to say that I am very proud of the honors and awards that the VA medical personnel and institutions receive. For the record I want to indicate how pleased I was that Dr. Albert J. Kasten, Chief of Endocrinology at the New Orleans VA medical center, received an honorary doctorate in science from the University of New Orleans.

The University is 25 years old and this is only the fifth honorary doctorate it has ever bestowed on anyone. So, we are very, very honored by having Dr. Kasten's work in the field of brain peptides recognized.

I wanted to make certain that it was entered upon the record.

Dr. **Ditzler**. Thank you very much.

HIGH PRIORITY RESEARCH

Mr. **Sabo**. We will now turn to medical and prosthetic research. High priority research shows a decrease of $2,093,000 and the 99 FTEE in 1987. On page 6–14, under high priority research, the legend states this decrease does not lessen medical research service's intent to conduct a vigorous high priority program, but it reflects an administrative change in the method of selecting high priority projects. What do you mean by that and how can this reduction not be a lessening of medical research activity?

Dr. **Ditzler**. Let me try that and then call on others for assistance, if I might.

My understanding is that with the research budget there is an actual dollar increase, but it is not sufficient to meet the inflation costs, or the salary costs of the existing people. The choice has to be made as to whether one reduces people or one increases the support necessary for ongoing investigators. My understanding of high priority research is that it is a title that relates to those points in time when somebody with a particular skill comes along with a talent and a project that clearly fits in with VA's high priority areas of research.

Can anybody offer any other comments?

Dr. **Gronvall**. I might make an additional brief comment, Mr. Chairman.

The term "high priority research," again, is a term that is confusing because it suggests that other kinds of research are not high priority or important. In the cadre of high priority research we use to identify specific kinds of research. These were particularly germain to veterans' health issues where we think there has not been enough research. In addition, we would like to stimulate additional investigators to propose projects in those areas. So various categories of disease problems initially added to that list of high priority areas are then deleted from the list as the research begins to mature.

You can't really look at the high priority category by itself. It needs to be viewed in the context of the total program of investigator initiated studies and other kinds of ongoing research.

EPIDEMIOLOGY STUDY

Mr. SABO. The VA is requesting $3,450,000 for the epidemiology study in 1987. This is an increase of $1,249,000 above the 1986 level. I believe we appropriated over $60 million for this program through fiscal 1986. Have all the funds appropriated to the VA for the epidemiological study been transferred to the Center for Disease Control? If not, how much money has not been transferred to CDC?

Mr. HOFFMAN. Up through 1986, all but $1,163,000 has been transferred.

Mr. SABO. How much of the funds transferred to the CDC for the study have been obligated to date?

Mr. HOFFMAN. Almost $60 million have been obligated.

Mr. SABO. The CDC has obligated all of the funds?

Mr. HOFFMAN. We have made the funds available to CDC. The question is how much have they obligated. I don't know the answer.

Mr. SABO. Could you answer that for the record?

[The information follows:]

OBLIGATION OF FUNDS TRANSFERRED TO CDC

As of February 28, 1986, the CDC has obligated $56 million for the conduct of the Epidemiology Study.

Mr. SABO. Is last year's estimate of $75 to $80 million for the total cost of study still valid? If not, what is the newest estimate?

Dr. BROWN. My understanding is it is still $75 to $80 million; that is correct.

Mr. SABO. The enabling legislation requires that the Office of Technology Assessment oversee the methodology of the Agent Orange study. The OTA has indicated that in its view, no major new phase of the epidemiological study should be undertaken before the new design and exposure assessment are found acceptable and the managerial problems are resolved. The legislative committees have agreed with OTA, and ask that no future work be done on the study until the OTA approves the methodology to be used.

What is the status of the CDC's epidemiological study?

Dr. BROWN. There was a problem but that is being worked out now between CDC and OTA.

Mr. SABO. They are on the same track?

Dr. BROWN. Yes, sir. CDC has agreed to cease until they develop a new protocol which was asked for by OTA. That will be done and they are in agreement now.

Mr. GREEN. What is the timing likely to be on the development of the new protocol?

Dr. **Brown**. I don't know, Sir.

Mr. **Green**. Could you find that out for the record?

Dr. **Brown**. Yes, sir.

[The information follows:]

AGENT ORANGE

We have been advised by CDC that the new protocol for the Agent Orange component of the Epidemiology Study will be made available to the Office of Technology Assessment (OTA) by the middle of April 1986. It is anticipated that the results of OTA's review will not be available until the end of April. Start-up of the Agent Orange component is contingent upon the results of OTA's review of the protocol.

EFFECT OF SEQUESTRATION RESEARCH

Mr. **Sabo**. A total of $8,138,000 of medical and prosthetic research funding is sequestered in 1986. What effect does the sequestration have on the VA's ability to retain and attract qualified physicians?

Dr. **Gronvall**. Mr. Chairman, I think it would be hard to translate that single sequestration action directly to our ability to recruit or, more importantly, to retain research-oriented physicians. The research funding available for biomedical research from other Federal sources such as the National Institutes of Health, has also been affected by Gramm-Rudman, so that in a sense the whole research community has suffered the effect of the Gramm-Rudman legislation. I don't believe there would be a disproportionately negative effect on the VA.

On a broader scale, of course, the fact that we have had to go back after the fact and reduce previously approved research project budgets and restrict the support available does some damage to ongoing research. So it is negative in that sense, and if that same sort of thing occurs over a period of years, clearly investigators will get discouraged and people will leave the field of biomedical investigation and research accomplishments would suffer.

Mr. **Green**. Mr. Chairman?

Mr. **Sabo**. Mr. Green.

RELOCATION OF VA PROSTHETICS CENTER

Mr. **Green**. Last year we talked briefly about the VA's decision to relocate the prosthetic center from New York City to Washington and it was my understanding at that time that one of the factors in this decision was to centralize these functions in Washington. At that time you argued that that factor outweighed the advantage of the adjacency to the Rusk Institute in New York City, one of the world's leading prosthetic institutions.

For that reason I was somewhat startled to get a letter from you on February 14 of this year advising that you were locating space for the center in Baltimore, Maryland, which is almost an hour away from Washington. Could you explain that?

Dr. **Ditzler**. Yes, I think there were many interested parties to this decision. I think the resolution has finally been achieved, and agreed to by all parties. The basic concern initially was that they be in Washington where they would be near not only a developing national center in the private sector, but would also be near the people in the VA Central Office who are involved with their program, near patient treatment facilities and some of the national veterans service organizations which have a deep interest in these areas.

When it came to space, we found the VA medical center in Washington simply did not have enough to meet all the needs. We attempted to go to modular buildings and, when that fell through, we tried to contract with a newly developing rehabilitation hospital here.

It was at that point that the various service organizations took serious exception to what they felt was the original intent all along, namely, to have everything in one building. GSA was unable to find any building in the greater Washington metropolitan area that met those requirements.

Some of the peculiar requirements were that we had to have 12 foot ceilings and the testing apparatus required floor loading capacity that none of the buildings in the greater Washington area would provide. GSA finally found space for us in the Inner Harbor of Baltimore. Incidentally, I can drive from the VA Central Office to there in 32 minutes.

Mr. **Green**. Not in rush hour.

Dr. **Ditzler**. I have done it at noon. But we now have found a building that meets all of the requirements of the technicians themselves and the various veterans organizations. It is expected to be fully operational very shortly and has the potential for expansion plus the GSA rental rate was so low we couldn't turn it down.

Mr. **Green**. I must say it seems to me several of the objectives have not been achieved. I am a little puzzled that you go off in isolation there when you were next to one of the primary rehabilitation prosthetic research facilities in the country, in a hospital complex which I happen to know has had excess space including some which it is now being made available to a biological factory. So it is not a case that the Bellvue complex and the VA complex in Manhattan are lacking for space for this kind of facility.

Dr. **Ditzler**. I certainly wouldn't want to denigrate New York's marvelous facilities. I can only say this is the only time I have seen the participating veterans service groups happy with a decision.

In fact, they helped make it themselves.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

Mr. **Sabo**. Turning to medical administration and miscellaneous operating expenses. For 1987, you are requesting $42,694,000, a decrease of $8,527,691 below 1986 when the sequestration of $2,302,000 is considered. Average employment for 1987 is 591, decrease of 73 below 1986.

There have been reductions in the MAMOE account over the past year or two. Average employment has gone from 875 in 1984 to 809 in 1985 to 664 in 1986 and 591 in 1987. The Subcommittee is concerned that the reduction in MAMOE not be merely a shifting of FTEE and costs to the medical care appropriation.

Last year, the 1986 House Appropriations Committee report directed the VA not to offset reductions in MAMOE by shifting functions to the Medical care appropriation. Is the VA abiding by the language in the House report about not shifting MAMOE funds to the Medical care appropriation?

Dr. DITZLER. Mr. Chairman, I believe we are in full compliance. The dollars available for the MAMOE employment a short time ago in December of 1984 when I came onboard was 860 FTEE. We are now down to 685 FTEE. I think losing over 200 people in a year's time without any RIFs is commendable.

The number of people out of that 200 that left central office and are now working in the field is approximately 49. It was determined and concurred in by legal counsel that those people were performing functions that need not be centralized, because they were not supervising the rest of the country. For example, we had a nurse in each of our regions responding to nursing care problems within each region. There were fiscal people performing functions in central office that were the same as those being performed in the field on a regional and district basis.

So I do believe we have complied and, in fact, I think we should be commended for doing so much with less.

Mr. SABO. In addition to those 49, are there any positions normally funded in MAMOE which are, or will be, funded out of the medical appropriation?

Mr. YARBROUGH. Dr. Ditzler overstated the transfer to medical care by several positions. It is actually 42 as opposed to 49. Fifteen of these people went out strictly as individuals in the nature of someone who finds a job in the field that they apply for and are accepted. Of the remainder, I think 17 people were transferred to the field as a result of a decentralization effort in which certain things previously done in central office for the entire system are now done in the field. Specifically, as Dr. Ditzler said, on a region by region basis.

The other 10 represent a vertical transfer of functions, something that was done in central office, but not for the whole system, is now being done in medical care. An example of that would be some of the Agent Orange research which is now being done at the Walter Reed Institute of Research.

Mr. SABO. Are all the Department of Medicine and Surgery employees that are physically located in the central office paid from the MAMOE account?

Mr. YARBROUGH. I believe we have one person who spends some portion of her time in an office or part of an office in central office. Otherwise, they are central office MAMOE employees.

HEALTH PROFESSIONAL SCHOLARSHIP PROGRAMS

Mr. SABO. The VA is not requesting any funds for the Health Professional Scholarship Program in 1987. The VA ended additional scholarship awards in 1985. The 1986 budget provides sufficient funds to meet previous scholarship commitments. How many nurses graduated or finished their study under this program in 1985?

Dr. DITZLER. I will supply that for the record.

[The information follows:]

VA HEALTH PROFESSIONAL SCHOLARSHIP PROGRAM—NURSES COMPLETING STUDIES

320 nurses completed their studies during FY 1985, making a total of 771 nurses who have completed their studies since the beginning of the Scholarship Program in 1982.

Mr. SABO. Last year the VA indicated that as of December 31, 1984, 348 scholarship participants were in service at 116 VA facilities. The Committee's 1986 report suggested VA reduce the number of facilities to which nurses have been assigned to only those with the most serious recruiting problems.

Has the VA reduced, or is the VA reducing, the number of facilities to which nurses who participate in this program are assigned?

Dr. DITZLER. I would have to supply that for the record.

Mr. SABO. If the answer is no, would you give an explanation.

[The information follows:]

PLACEMENT OF SCHOLARSHIP PARTICIPANTS

The VA has scholarship participants at 129 VA facilities. That is an increase of 13 sites. Those placements were made to meet recruitment needs as a result of opening or reopening of clinical areas, removal of hiring "freezes," and attempts to increase the proportion of nurses holding a degree. DM&S believes this placement program, based on need, has improved both the retention of nurses and their morale.

In FY 1985 330 participants were placed in service obligation at 107 VA facilities.

Dr. GRONVALL. We view the nurse scholarship program as a remarkable success. It assisted us through a difficult period, and helped us recruit and maintain nurses at the places that most needed them. The nation itself was expanding the number of nurses trained and then changes in employment in the private sector have made more nurses available. So the scholarship program served a very important purpose during the period of years when we needed the help.

Dr. BROWN. I can add some information to that, if you would like, Dr. Ditzler. There have been 1,241 nurses who have been supported in the scholarship program. There are 543 who are currently serving in a service obligation in our VA medical centers and, of those who have completed the obligated time, 103 of the 112 have remained with us. So our retention rate is good, as well.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

Mr. SABO. Turning to Grants for Construction of State Extended Care Facilities. For fiscal year 1987, the VA is requesting $42,400,000, an increase of $21,578,000 above the 1986 appropriated level. The 1986 request for this was $20,822,000, a decrease of $13,678,000 below 1985. Now the 1987 request for this program, $42.4 million, represents an increase of $21.6 million above 1986. Why the great fluctuation in funding requests for this program?

Dr. DITZLER. I suspect it attests to the success of our convincing others that it is good economics to have support going to the states for 65 percent of the cost of constructing a State veterans' nursing home.

I clearly recall we did ask for more money in 1986 than is apparent from the budget figure so that my understanding would be that the 1987 figure is essentially what we had hoped to put into 1986 that did not get funded. I don't believe that, in our minds, we were fluctuating.

Mr. **Sabo**. The table on page 8-2 of your justification indicates an unobligated balance in this program at the end of 1987 of $20,561,000. Why is the VA requesting $42.4 million in 1987 when you do not expect to obligate $20,561,000 of the funds?

Dr. **Ditzler**. It is a complex matter. I am going to ask Dr. Mather to address it.

Dr. **Mather**. Mr. Chairman, there are two essential factors in the legislation. We are limited to expend in any one year's appropriation no more than one-third of that appropriated money in one State. In fiscal year 1987, it will affect a New York project.

Secondly, whenever we do fund a project, we have to provide the full grant amount at that time. So this combination of factors results in the large unobligated balance.

I can assure you that, very early in 1988, that unobligated balance will drop rather dramatically.

Mr. **Alvarez**. Don't we also have legislation to exempt us from that requirement?

Dr. **Mather**. Mr. Alvarez, last year in H.R. 505, there was an intent to rescind the one-third rule, but there is no current legislation in this session of Congress to rescind it.

Dr. **Gronvall**. I might also, if I may, Mr. Chairman, say we have looked ahead based on the higher level of funding, and our best judgment is that if we can maintain that higher level of funding in the outyears, we can significantly reduce the backlog of projects.

For example, at the beginning of 1986, we had a backlog of 72 projects. We think we will have at least 50 of these remaining at the beginning of 1987. If we can maintain that higher level of funding through 1990, we think we can get the backlog down to about eight projects.

Mr. **Sabo**. Mr. Stokes. I will ask Mr. Stokes to preside for the balance.

MEDICAL MALPRACTICE COSTS

Mr. **Stokes** [presiding]. Thank you, Mr. Chairman.

The Veterans' Administration's IG Office issued a highly critical report of VA malpractice costs in the latter part of 1985 citing that the VA cost the Government $34.5 million in medical malpractice claims over fiscal year 1983 and 1984. Although no new figures are available from the last completed fiscal year, the IG's Office stated that it expected the annual figure to be even higher. Can you tell us what management steps you are taking to reduce the incidence of malpractice claims?

Dr. **Ditzler**. First of all, let me say, Mr. Stokes, that I believe that same IG report also indicated that the statistics were probably far lower than one might have expected based on the total number of patients treated. When you consider that we are talking about 1,250,000 inpatient treated plus 17 to 19 million outpatient visits, the experience rate, I think, is frankly very low.

Now, on the other hand, part of the problem that we see is our ability to time what action we take relating to the tort claim which may come many years later. By the time one looks in detail at the actual tort claim, the people may no longer be in the system.

To get at the root issues, we have to get back to the basic question of house staff provision. We have to get back to the issue of monitoring what is done on a day-to-day basis.

I think we are approaching that with our quality assurance programs. I think the requirement of P.L. 99-166 will force us to publish a lot of these statistics and, frankly, I think that may increase the number of tort claims no matter what. The mood of the country right now, with NBC last night and the TV show Sixty Minutes coming up, is focusing on anything done in the Federal establishment. So I think we will have to be on our toes all the time to combat it, but I think we will probably not have less but more tort claims. Not necessarily of merit, but because that is the mood of society today.

Now, I still believe and keep preaching, although I am beginning to sound like a preacher, that the quality of care in the VA is outstanding. Although we have our problems, I will stack it up with the private sector any time, having practiced in both.

Mr. Ivers. Mr. Stokes, I might add from a legal standpoint the malpractice situation in the VA as far as the number of claims is reflective of a general trend throughout society both in the private and public sector. However, our success rate, if you will, or rate of success in defending these cases in a number of successful claims is much below that of the private sector or other public sector.

Mr. Stokes. Notwithstanding that, you are not in any way contesting the figure of $34.5 million, which was paid out, are you?

Mr. Ivers. No.

Dr. Gronvall. Excuse me, Mr. Ivers. You said our success rate was much less than the private sector.

Mr. Ivers. I meant from a legal standpoint of defending those cases.

Dr. Gronvall. You mean we have a better success rate? You said our success rate was below.

Mr. Ivers. We have a better success rate.

Mr. Stokes. I knew what he intended to say.

Dr. Gronvall. The words get put in print. I didn't want to leave them.

REPORTING OF PATIENT INCIDENTS

Mr. Stokes. I think it has been sufficiently cleared up.

Let me ask you again, that same report further stated that the VA system of reporting patient incidents was characterized by inconsistency and that the Agency had only identified 18 percent of the injuries to patients that resulted in claims. I guess the question would be, have you moved to improve the incidence ratio that you report?

Dr. Ditzler. Let me respond to that. I would almost wager, which is not something one does in Congress, but I would be quite amazed if I were to walk into any private hospital and be able to find out at the drop of a hat how many falls they had last week. We are developing reports now that are so detailed that I can tell you the number of falls in our hospitals per week. Now, I consider that to be a marked improvement in reporting. So, I think we have a data base but it is almost over reporting.

I believe the interest of the press in having us report what I can't get from any private hospital corporation or private hospital will only make it worse no matter how much I would like that not to happen.

We are now required to report every incident of morbidity and mortality by disease and by DRG process to the Congress as of next February.

We have been trying for years to get statistics from the Hospital Corporation of America or HUMANA or any of the privates relative to their statistics on morbidity or mortality; we can't get them. They are just not published.

My concern is that we now have several newspaper people appealing under FOIA regulations monthly for data on everything that we do. This, without full explanation, puts us in the middle of a fish bowl.

I have great concern about that, but nonetheless, I assure you we are trying to combat it and will not let up.

Mr. STOKES. We understand a little something about fish bowls here, Dr. Ditzler. Last year when you came before the Subcommittee, you proposed the introduction of a new means test to apply to non-service-connected treatment of veterans.

At that time you stated you would structure full eligibility for certain groups of veterans such as service connected, ex-prisoners of war, those seeking care for Agent Orange or atomic concerns and others. Where along the line of implementation will sequestration and budget reductions affect your means test?

Dr. DITZLER. We are re-introducing in this session of Congress the same legislative proposal that we introduced last year. My understanding is that last year there was an agreement between the House and Senate oversight committees which became part of a reconciliation bill, but that is where it stopped. So I guess the question really gets back to considering the legislation we have re-introduced.

COSTS OF TREATING PATIENTS

Mr. STOKES. Last year also, when you appeared before our Subcommittee, you stated that people costs are only part of the problem of caring for patients. A great percentage of increased expense occurs on items such as drugs and equipment. Can you tell us how the budget reductions impact your ability to maintain adequate levels of quality drugs?

Dr. DITZLER. Well, under Gramm-Rudman-Hollings, we have taken from all accounts so that the reductions come from drugs, equipment, or personnel, across-the-board.

Specifically in regards to drugs, I think it will seriously impact our ability to provide some of the more exotic drugs that will come along, that aren't even available today.

Mr. STOKES. Let me get your reaction to another report that was issued last December by the U.S. Comptroller General. The report stated that the Veterans Administration maintains such poor watch over its drug supplies, that it is often difficult to maintain whether a particular drug is missing, or in cases where the VA could tell what quantity was missing, how it disappeared. Can you respond to those charges?

Dr. DITZLER. Not really. I would submit that if the IG has any evidence of this, I would welcome it. We firmly believe that unit dose is a measure that will materially reduce drug error and will also reduce theft of drugs.

To the best of my knowledge, we have as good a control as any hospital system, but I would ask Mr. Sato to respond.

Mr. SATO. No. I have no comments. That is a GAO report.

IMPACT OF THE AGING VETERAN

Mr. STOKES. Let me ask you this. The Department of Medicine and Surgery now faces a major challenge, that being the rapidly aging veteran population. By 1990, estimates indicate that veterans over age 65 will make up more than one-fourth of the veteran population. By the year 2000 it will have reached slightly over one-third. Is this a phenomena that has caused you enough concern to study how you will be able to cope with this situation?

Dr. DITZLER. I think it is a phenomena that has caused concern to the Administration generally, and certainly to us. To counter that concern, we also need to acquaint ourselves with the demographics of the statistics which suggest that there will be a number of veterans dying each year also.

In fact, I know that between last year when I appeared here, and now, well over a million veterans have died. Although we are talking about an increase aging of the veteran, we are also talking about veterans dying.

Now, I think the issue of eligibility then returns from a planning standpoint an issue that we have to concern ourselves with. As I indicated this morning, we treat, in any given year, three million separately identifiable veterans.

If the reservoir of 12 million or 24 million veterans were to seek care from us in some fashion different from today, we would then have a huge planning problem not only related to the aging population. The degree to which we determine the eligibility of those we care for, makes it easier with respect to the aged treating, per se. Restructuring of eligibility is part of the issue of the means test.

Mr. STOKES. Thank you. Mrs. Boggs?

MEANS TEST

Mrs. BOGGS. Thank you, Mr. Chairman. A month or so ago, Chairman Montgomery made a speech in which he said the Administration is calling for a strict means test for health care eligibility that will turn thousands of veterans away from the hospital door.

The VA is already turning away about 35,000 each month. We ought to be looking for ways to help them get health care instead of slamming the door shut on thousands more. The budget proposal also contains a cut of 7,542 full time VA employees, most of them health care employees.

That is nothing but a backdoor approach to closing down the health care system. Get rid of the people who deliver health care and you have effectively killed the program. If for some reason that does not work, then come in the front door.

The budget proposal would require that 57,000 fewer veterans receive inpatient treatment in 1987 and proposes a reduction of 1.1 million outpatient visits. They say we can do this by cutting back on the number of so-called, quote, low priority veterans and VA treatments.

I don't know what they mean by "low priority," but I will tell you this, said Chairman Montgomery, "no veteran is a low priority in my book. Every veteran who honorably served this country is going to be fairly treated as long as I have a say in the matter."

Would you like to respond to that?

Mr. ALVAREZ. I would like to underscore what Dr. Ditzler said earlier in terms of that phrase "low priority veteran" pertaining to low priority eligibility. Certainly within the Department of Medicine and Surgery, and certainly within the Administration, every veteran is important to us, but having to grapple with all of these issues we have today, we have looked at several areas, not only the means test, but also the other legislation that we have discussed today.

I think that a point that has come back to haunt us is this low priority phrase. Again, they are all important. It is just a matter of reaching out to as many as we can. That is what we are trying to grapple with today. Dr. Ditzler, would you like to expand on that?

Dr. DITZLER. The phrase was originally used in the OMB passback. The phrase really shouldn't exist. We do have a priority scale for those we care for. For example, if you have a room full of people, who gets the first attention, assuming they are all equally sick? We look at the service-connected first, clearly. At the other end of the scale is the fellow who drives up in a hypothetical cadillac who is non-service-connected and wants an aspirin for a headache. He is low on the priority of care list. There are, however, no low priority veterans.

Mrs. BOGGS. Thank you, Doctor.

Thank you, Administrator.

Mr. STOKES. Mr. Lewis.

NUMBER OF DECEASED VETERANS

Mr. LEWIS. Thank you, Mr. Chairman.

I am frankly very hesitant to interpose questions when I have not been part of the hearing. Mr. Alvarez, it is nice to come visit for a moment.

During the appropriations process each of us has Subcommittee hearings that seem to overlap with others and when you are ranking member or chairman of a Subcommittee, you have to be present; but, that hopefully does not indicate a lack of interest, particularly in this testimony dealing with our veterans' programs.

I did arrive in time to hear your comment relative to a million veterans having died since the last time you testified. Do we have breakdowns on the numbers of veterans we have over X age, let's say 60, 65?

Dr. DITZLER. Yes, sir. We can furnish that for you by year, by age, by wars that they fought in, by all kinds of breakdowns.

Mr. LEWIS. I have talked in general terms with the people from your organization relative to that decreasing population number of aging, particularly looking at the World War II veterans, and it is obvious if we look at it that there will be a shrinking base.

Hopefully we will have a continually shrinking base, but, nevertheless, a million in a year in a dramatic way says something about the kind of workload we will have in the mix and probably that is before us.

Frankly, I am very interested in knowing more about, as I am a student of veterans' programs, what those projections tell us in relation to our workload, our hospital capacity, et cetera. I don't want you to renew that at this point, but it is indeed the kind of data you allude to that I find startling.

Mr. Chairman, I am not going to ask a series of questions here but rather would submit them for the record.

Mr. HOFFMAN. Mr. Chairman, I think we ought to just set the record straight on the veteran population. I think perhaps Dr. Ditzler may have been referring to something else. The difference in population between 1984 and 1985 reflects a drop of 200,000.

Mr. STOKES. I see. Okay.

Mr. HOFFMAN. In comparison with the chart that you have there compared with one a year ago reflects that there were 28 million, now there are 27 million plus a 200,000 drop.

Mr. LEWIS. Is that because there are new people coming in?

Mr. HOFFMAN. That may be true.

Mr. LEWIS. I even sense contention in your voice. Why don't you bring it out and tell us what you are saying.

Mr. HOFFMAN. Frankly, I was merely comparing the veterans' population of a year ago compared to what it is today and it is a reflection of difference of 200,000.

Mr. LEWIS. Have there been a million that died?

Mr. HOFFMAN. I don't believe it is a million.

Mr. ALVAREZ. Why don't we provide that?

Mr. LEWIS. There is obviously disagreement here as to what the data means.

Mr. HOFFMAN. Maybe Dr. Ditzler and I had better get together and talk about it.

Mr. LEWIS. We would not want to have two people from our organization get together and talk about something. We might end up shrinking our staff sizably if we did that too often.

Thank you, Mr. Chairman.

[The information follows:]

VETERANS DEATHS

The total estimated number of veterans deaths during FY 85 is 413,000.

Mr. STOKES. If you have nothing further—this Committee is adjourned.

WEDNESDAY, MARCH 5, 1986.

GENERAL OPERATING EXPENSES

Mr. SABO. We will turn to General Operating Expenses. The fiscal year 1987 request for General Operating Expenses is $762,579,000, an increase of $49,743,660 when sequestration and the transfer of $8 million from the Medical Care appropriation are considered.

The average employment for 1987 is requested at 18,312 FTEE, an increase of 11 FTEE above 1986.

This is one of the few budgets I see that is higher in 1987 than in 1986. On page 20-3 you show reductions of $32,029,000 and 492 FTEE due to the Balanced Budget and Emergency Deficit Control Act of 1985. Does the VA plan to propose a reprogramming of funds from other objects of expense to cover salaries?

Mr. HOFFMAN. Yes, we are looking at that material, and we will provide that for the Committee. We should have that up here shortly.

Mr. SABO. What happens if there is no reprogramming?

Mr. ALVAREZ. We have got real problems then. We currently have a hiring freeze in effect. In addition to that, we are taking other steps including reducing travel. We are looking at cash award policies and things of that nature, but without the reprogramming we will definitely be impacted in some areas in terms of furlough and possibly RIFs, unless we can reprogram some dollars back from other areas that have less impact.

Mr. SABO. How do you propose to reprogram? How many of the 492 FTEE will be saved?

Mr. HOFFMAN. In that regard, Mr. Chairman, first of all, as Mr. Alvarez says, we do have a hiring freeze in effect. We are currently looking at every GOE operating plan and, to the extent that we can give relief based upon any additional funds accruing as a result of the hiring freeze, we reallocate and hopefully lower the FTEE reduction to some degree.

Mr. Chairman, let me add further that we are in the process now of looking at and hopefully being able to restore 171 FTEE to the Department of Veterans Benefits and 11 FTEE to the Board of Veterans Appeals.

What happened here is that, in the course of the last year, the net effect of the action by Congress and the sequestering, the GOE appropriation was reduced by some $55 million, and that is why we are faced with a problem. But we are looking at it very positively, and hope we can come up with solutions.

Mr. SABO. How many reprogrammings are you looking for in total in the VA?

Mr. HOFFMAN. I think we are probably looking at somewhere in the magnitude of perhaps $3 million.

Mr. SABO. In response to the sequestration order?

Mr. HOFFMAN. Yes, that is right. Now, I am only talking about the General Operating Expenses account. There are some other areas that we are addressing, such as burial benefits and readjustment benefits that we talked about yesterday, and other accounts that are not part of this but are part of the total funding for the VA.

EQUIPMENT

Mr. SABO. Also on page 20-5, the table shows $18,539,000 obligated in 1985 for equipment. Last year the estimate was $13,389,000 for equipment in 1985. Why is there an increase of a little over $5 million above your original estimate?

Mr. HOFFMAN. First of all, I would say a substantial part of that is probably in the Department of Veterans Benefits, where we are embarking on a modernization of that activity. Consequently, I think we have redirected funds that they had for other purposes.

Mr. SABO. What kind of equipment—computers?

Mr. HOFFMAN. Computer-type and also Wang equipment, word processing-type equipment, which is being placed in the field.

OVERTIME AND HOLIDAY PAY

Mr. SABO. The personnel summary schedule in the Budget Appendix shows 220 full-time equivalent of overtime and holiday pay in 1985. Last year you estimated 140 work-years of overtime and holiday pay in 1985. Why the increase of 80 work-years in 1985 above last year's estimate?

Mr. COLE. Mr. Chairman, that figure of 220 FTEE is not correct. It is closer to 180 FTEE. An error was made in the computation. There is still an increase in overtime of roughly 34 FTEE. We can provide an explanation for the record. It is mostly in the Department of Veterans Benefits.

Mr. SABO. Is 50 years of overtime cheaper for you than 50 additional FTEE?

Mr. COLE. It is overtime and holiday pay both. Some of it could be holiday pay. There are times when overtime is cheaper, if it involves one-time processing, rather than hiring temporary employees. Maybe Mr. Vogel could speak to that.

Mr. VOGEL. Mr. Chairman, part of the overtime was used for the volume of activity. I think in the short run it is less expensive than full-time equivalent employees because we are not paying all of the additional benefits. It has been used on an emergency basis to provide reasonably timely service, especially in loan applications which, if they are not processed quickly, a change in the interest rate can be costly to a veteran.

BUILDING MANAGEMENT

Mr. SABO. On page 20-4, the legend indicates that in 1987 the VA will assume responsibility for building management in the Central Office. Resources of $2.7 million and 11 FTEE are to be transferred from GSA for this takeover. Why does the VA wish to take over responsibility for building management in the Central Office?

Ms. LIVINGSTONE. Mr. Chairman, this is a GSA initiative that has been ongoing among all Federal agencies—to transfer a number of GSA functions to Federal agencies where they feel efficiencies might be achieved. We are currently looking specifically at a transfer of GSA's building maintenance to VA for our headquarters building. They also are asking us to take over delegation of building management for three other buildings. The $2.7 million is an offset from our rent.

Mr. **Sabo**. Do you think it will cost less?

Ms. **Livingstone**. No, I don't.

Mr. **Sabo**. You don't think it will cost less? GSA does. Why are you doing it if you don't think it will cost you less?

Ms. **Livingstone**. The issue really, Mr. Chairman, I believe, is the hope that enhanced service can be achieved through this GSA initiative. Because of caps in the Federal Building Fund in the last few years, GSA has basically been operating on a deferred maintenance schedule.

In our Central Office headquarters building, we have a number of critical items that need to be attended to. GSA has just not been able to be successful in getting funding to meet all needs. Therefore, in the case of GSA's delegation of building maintenance, I think it will probably cost the Federal Government more.

By the same token, I think we will be enhancing our infrastructure which has been operating on a deferred maintenance schedule for a number of years. We are still negotiating with GSA on this issue to insure it is workable for the VA.

Mr. **Alvarez**. If you had a chance to come and visit us at our building, you will probably notice there has been elevator service lacking.

Ms. **Livingstone**. Well over $9 million has been identified by GSA in needed maintenance and repair for our headquarters building.

Mr. **Sabo**. You get responsibility for repairs as well as maintenance?

Ms. **Livingstone**. I should say below a certain dollar level. Under the delegation, the VA has responsibility for recurring operations, maintenance and repair costs with no dollar limitation. However a recurring repair item in excess of a cost of $50,000 requires the review and approval of GSA. All repairs categorized as non-recurring repairs above $10,000 will be funded by GSA.

BUILDING MAINTENANCE IN FIELD OFFICES

Mr. **Sabo**. Do you plan to do the same thing at some of your regional field offices?

Ms. **Livingstone**. I believe they may want us to get regional offices involved.

Mr. **Vogel**. We have some regional offices in which we are the sole tenant or certainly the principal tenant. We may have a Congressman or a judge in there as the primary tenant, and the suggestion has been made that we take over the maintenance of that.

I think the St. Petersburg regional office is a case in point. That has been identified as a possible building for us to just take over the maintenance and the general duties of the landlord for ourselves.

INCREASE IN SES POSITIONS

Mr. **SABO**. We notice also that the number of the SES positions continue to increase, while the overall average employment declines. Why?

Mr. **PETTYJOHN**. There are 152 SES positions allocated to the VA. We have approximately 136 filled. Vacancies usually run about 10 or 15 percent of the total number of allocations. We have not had an increase in the number of slots allocated to the VA. I will have to check that for the record, sir.

Mr. **SABO**. There are one hundred SES positions in 1985 and 101 for 1986 and 1987. Last year you estimated 95 SES positions in 1985 and 1986.

Mr. **ALVAREZ**. We will have to provide that for the record, sir. I closely watch those positions in the Agency. We have been watching it very closely. I am not aware of an increase. I don't know what that is.

Mr. **PETTYJOHN**. We will have to find that out for the record.

[The information follows:]

VA SES POSITIONS

The Offfice of Personnel Management allocated slots for 152 Senior Executive Service (SES) positions to the VA for FY 1984, 1985, 1986 and 1987. This represents a 5% reduction in the number of SES slots previously allocated to us. The Agency monitors the distribution of SES slots among various departments and offices and makes adjustments in response to changing program requirements. For example, the number of SES slots allocated to the Department of Veterans Benefits was reducted from 54 in FY 84 to 52 at the present time.

Currently, 106 of the Agency's SES slots are assigned to positions in the General Operating Expenses (GOE) Appropriation. However, only 95 of the established positions were filled on March 2, 1986. This is the same number of SES positions filled at the end of FY 85. Fluctuating vacancy rates may cause the number of positions filled at any given time to be greater or less than 95, however, we would not anticipate that the number of filled positions would be greater than 101.

Because the basic VA mission and organization have not changed, we anticipate that the number of filled SES positions required will remain constant even though overall agency employment declines. Executive direction will remain critical to ensure that programs operate effectively and cost efficiently without sacrificing service to veterans.

Mr. **COUGHLIN**. Mr. Chairman, may I ask one question on this?

Mr. **SABO**. Sure.

CONSOLIDATION OF INSURANCE CENTERS IN PHILADELPHIA

Mr. **COUGHLIN**. I note under General Operating Expenses, the 1987 request includes the consolidation of insurance centers in Philadelphia. I believe it is basically a cost-benefit allowance. What does that show?

Mr. **ALVAREZ**. We completed a study to show the cost-benefit for making that consolidation. The study showed that, if the Agency consolidated both functions into the Philadelphia office, an annualized savings of over $1.3 million would be achieved.

Mr. **COUGHLIN**. An annualized savings of $1.3 million?

Mr. **ALVAREZ**. Yes, sir. You can go into more detail on that, John.

Mr. **VOGEL**. Mr. Coughlin, I am John Vogel. Mr. Alvarez is absolutely correct. $1.3 million is the per annum savings of a consolidated function. We will in fact reduce the number of personnel devoted, in the ancillary service, to insurance by 38½ FTEE. In doing so, we will really achieve economies of scale—less numbers of supervisors and fewer clerical support personnel.

We also look forward to the opportunity to reduce the amount and types of equipment we use to process insurance remittances from our insurers. There will be no degradation of service to policy holders.

Mr. COUGHLIN. There will be no degradation of service to the veterans?

Mr. VOGEL. No, sir. As a matter of fact, we will achieve some savings in interest by improving the total float. From the time an insured veteran sends us a premium until it is deposited we should show savings of about $500,000 a year in interest that will benefit the insureds.

Mr. COUGHLIN. Thank you, Mr. Chairman.

VETERANS BENEFITS

Mr. SABO. Turning to Veterans Benefits, you are requesting $515,460,000 for Department of Veterans Benefits in 1987, an increase of $46,022,000 above 1986. Average employment for 1987 is estimated to be 13,000, an increase of 400 above 1986. We will put Mr. Vogel's statement in the record.

[The statement of Mr. Vogel follows:]

STATEMENT OF
RAYMOND J. VOGEL
CHIEF BENEFITS DIRECTOR
OF THE
VETERANS ADMINISTRATION
BEFORE THE
HOUSE APPROPRIATIONS SUBCOMMITTEE
MARCH 5, 1986

Mr. Chairman and members of the subcommittee, I am pleased to present the Department of Veterans Benefits fiscal year 1987 appropriations request. The Department administers an integrated program of veterans benefits activities. The 1987 request for $15.6 billion represents sixty-one percent of the VA's approximately $25.6 billion in appropriation requirements.

Funds for our Compensation Pensions and Burial programs are the largest segment of the agency's budget. Our 1987 request, a total of $14.4 billion in appropriations, will provide an average monthly compensation benefit of $341 for more than 2.5 million veterans and survivors; assist nearly 1.3 million veterans and survivors with a monthly pension income of $251 and allow us to continue to maintain a comprehensive burial assistance program.

Legislation will be submitted to increase compensation and clothing allowance rates by 3.7 percent, effective December 1, 1986, and to change the eligibility for a burial plot allowance to the same criteria used for the basic ($300) burial allowance. The cost of the rate increase is now estimated to be $305.5 million. Changing the eligibility criteria for burial plot allowances will achieve $31.2 in savings.

Our request for the Readjustment Benefits appropriation is $741,150,000 and will provide educational assistance to 295,000 veterans and dependents; 25,500 veterans in vocational rehabilitation training, and 800 veterans training under the new G.I. Bill. In addition, $69.9 million will be transferred into this account from the Department of Defense for benefit payments to 81,600 reservist trainees under Chapter 106 of Title 10, U.S.C. Another 1,000 veterans will be assisted in the purchase of specially adapted homes and automobiles.

Legislation will be submitted to close enrollment for the Peacetime GI Bill, effective October 1, 1986, since the Department of Defense has determined that the new GI Bill is not necessary for recruitment and may be a disincentive for retention.

Funds for our Loan Guaranty and Direct Loan housing programs are not requested for 1987 since all expenditures for both programs are anticipated to be met from available resources, principally from loan sales, cash sale of properties, funding fees and transfers.

Legislation is also being proposed to increase the present 1 percent Loan Guaranty funding fee to 2 percent in 1987 and gradually to 3.8 percent by 1990. The 1987 fee is proposed at 2 percent and will generate an additional $131.8 million in revenue.

Funds have not been requested for the Veterans' Job Training program. While Public Law 99-238 "The Veterans' Compensation Rate Increase and Job Training Amendments of 1985", authorized $65 million for fiscal year 1986, funds are not requested because of current participation trends, the general overall improvement in the economy, and the corresponding drop in the unemployment rate for Vietnam-Era and Korean Conflict veterans.

To administer our benefit programs, we are requesting $515,460,000 and 13,000 FTEE in our General Operating Expenses appropriation for 1987, which is an increase of 400 FTEE and $46 million over 1986. This increase primarily consists of:

° $16.1 million for the Department's Modernization Initiative, which is a 6-year program focused on improving ADP and telecommunications systems in order to provide better service to veterans.

° $13.2 million and 362 FTEE transferred from the VA's Office of Data Management and Telecommunications to provide improved ADP system development for veterans benefit programs and maintenance of existing systems.

Also included in this request is the consolidation of the St. Paul Insurance Center into the Insurance Center at Philadelphia, PA. As a result of this management action, the same quality of service will be provided to our policyholders and beneficiaries at a significantly reduced cost.

"The Balanced Budget and Emergency Deficit Control Act of 1985" sequestered $66.3 million in appropriated funds administered by the Department of Veterans Benefits. These include: $39.4 million in Readjustment Benefits; $5.8 million in Burial programs and $21.1 million in General Operating Expenses. The sequestration order also reduced the following loan programs: Loan Guaranty commitments by $515.4 million; Direct Loans by $43,000; Vocational Rehabilitation Loans by $46,000; Education Loans by $2,000 and all Insurance Policy Loans by $5.6 million.

To achieve these targeted reductions, education benefit levels have been reduced 8.7 percent; Vocational Rehabilitation subsistence allowance have been reduced 13.1 percent; and most Burial benefits have been reduced less than 8 percent. To minimize the impact on our employment, we will be requesting a reprogramming between our payroll and non-payroll expenditures. For the Loan

Guaranty program, continuing normal operations until the loan commitment level is reached. Congress has passed legislation increasing the baseline loan commitment level. Assuming enactment, this should permit the program to operate without interruption.

Mr. Chairman, this concludes my statement. We will be glad to discuss our budget with the subcommittee.

ADP MODERNIZATION PLAN

Mr. **Sabo**. On page 20-9 you are requesting 53 FTEE and $26,874,000 to effect the department's ADP modernization plan, which is part of a six-year plan totaling $153,631,000. How many FTEE will be saved when the ADP modernization plan is completed? You indicate 264 FTEE will be saved in 1987.

Mr. **Vogel**. Over the life of that effort, we are postulating close to 1,000 FTEE savings through modernization.

Mr. **Sabo**. You propose transferring 362 FTEE and $13,189,000 from ODM&T in 1987 to DVB. Where are the ODM&T people to be transferred located, and where will the additional DVB people be located?

Mr. **Vogel**. The additional DVB people will essentially be in the Central Office, providing the direction for the contracting services that will drive the modernization initiative. Those individuals who are working at the data processing centers will remain where they are performing essentially the same duties they have been performing in years past. The data processing centers at Hines, Illinois; Austin, Texas; and Philadelphia have assistance development groups.

Mr. **Sabo**. In Minnesota we go through this every year. Our experience is that anything that has normal civilian employment is disappearing and they want to put nuclear waste in our state instead. We don't really consider this to be a good tradeoff.

Mr. **Vogel**. Some of the personnel that will come over from the Office of Data Management and Telecommunications to DVB are in what is now known as the Benefits Automation Service. They work on the automation of the benefits programs that are administered by the department.

Mr. **Sabo**. What happens after the DVB modernization plan is completed? Will the ADP program specialists be moved somewhere else?

Mr. **Vogel**. Paul.

Mr. **Ising**. No, sir. They will continue to develop systems in the benefit programs at the sites where the data bases are located.

Mr. **Vogel**. Mr. Sabo, I might point out that we estimate somewhere in the neighborhood of 100 programmers are devoted almost exclusively to the maintenance of the present programs we have; that is the nature of the way those programs have been written. One of the things we will do is reduce the number of programmers devoted to just maintenance and put them into the development of systems.

Mr. **Sabo**. If this transfer of ODM&T employees to DVB is beneficial, why not move some ODM&T employees to DM&S?

Mr. **Alvarez**. Jack, could you address that in terms of what your relationship is with the DMS people? Mr. Sharkey runs the Office of Data Management and Telecommunications.

Mr. **Sharkey**. Basically, the employees we have within ODM&T who support the Department of Medicine and Surgery are the ones who support our central system. The information that flows from the hospitals normally goes to Austin, Texas, for the large central systems where we have our PAID system, payroll personnel system, the CALM system, benefit payments, and FEE basis.

Whenever information comes out of the individual hospitals, the data goes to the central systems; we manage the central systems at Austin for the Department of Medicine and Surgery. If it is a system that is within the hospitals themselves, the Department of Medicine and Surgery does its own applications work.

[The information follows:]

ODM&T EMPLOYEES TO DM&S

Since 1983, ODM&T has transferred 201 positions to DM&S in conjunction with transferring the design, programming, maintenance and operation functions for Pharmacy Systems, Clinical Laboratories and Automated Hospital Information Systems to DM&S.

Mr. **ALVAREZ**. In a similar vein, sir, ODM&T will continue to operate those central systems for the veterans benefit programs, but this is an effort to get people who work directly on the programs realigned; they will be reporting to a different department head.

ST. PAUL INSURANCE CENTER

Mr. **SABO**. I had some questions on your proposal on eliminating the St. Paul Insurance Center. Have you found any further answers to those questions yet?

Mr. **VOGEL**. Sir, regarding the question about the renovation of the building and the cost attendant to that, I don't have that figure yet. Bob, do we have any further answers?

Mr. **GARDNER**. I believe you have a question regarding the cost of the consolidation itself.

Mr. **SABO**. Yes, one of the questions was what were proposed savings in '87, and the answer was none. I asked about proposed costs in 1986.

Mr. **GARDNER**. In costs, the study as it was proposed was dependent upon an April 1 implementation date, which now will not occur until October at the earliest, if it is approved. Therefore, the planned costs of $1.3 million in 1986 will not occur. The costs in the study were $1.3 million in 1986, $2 million in 1987, and about $7,000 in 1988.

Mr. **SABO**. So the 1986 costs would slip that period?

Mr. **GARDNER**. Those costs would slip that period. We are in the process now of re-estimating those costs assuming, if approved, an October 1 implementation date, so the actual costs in 1987 would have to be redone. It is important to note there are no costs figured into the 1987 budget to implement it. The department will absorb whatever the costs are.

Mr. **SABO**. There is room to absorb these expenditures within the budget?

Mr. **GARDNER**. That is the judgment we have made.

Mr. **SABO**. I guess your answer to the question about the cost of renovation is that you don't know. Is it also fair to say that in your cost-benefit study the potential of no rent in the St. Paul center was not a factor in the study?

Mr. **ALVAREZ**. No, that is not true. Is it?

Mr. **VOGEL**. In the building which is the candidate for renovation, sir?

Mr. **SABO**. Yes.

Mr. VOGEL. Well, to say that——

Mr. SABO. Which is a VA-owned building.

Mr. VOGEL. In a VA-owned building you don't pay rent. It would be an expenditure to get the building prepared for office occupancy.

Mr. SABO. And we are waiting for those estimates?

Mr. VOGEL. Yes, sir.

FLOAT-TIME

Mr. SABO. You might indicate also we are talking about some of the float-time figures that you have which I didn't understand. The numbers I quoted yesterday were simply mail float. They didn't take into consideration processing time.

Mr. VOGEL. Yes.

Mr. SABO. We had trouble understanding the numbers as they appeared in the study, which said average float time was decreasing with mail coming from Alaska and Hawaii to Philadelphia rather than to St. Paul.

Mr. VOGEL. From the time the negotiable instrument is in the hands of the Veterans Administration until it is processed in the Federal Reserve, there is a processing float.

Mr. SABO. The numbers we were referring to were the mail float, as I understand the float numbers in the study.

Mr. VOGEL. Yes, sir. There is a total float savings. First, concerning the mail savings into Philadelphia vis-a-vis St. Paul. It is quicker to get into St. Paul than to Philadelphia from the far reaches. If you look at total float from the time VA has negotiable instruments deposited or credited to our accounts in the Federal Reserve, it makes the total process less than it is now with an attendant savings.

Mr. SABO. I have a tough time understanding if there is a backlog why you didn't have temporary people in to take care of backlogs.

Mr. VOGEL. The staffing of the remittance processing activities at both centers lends itself to intermittent and part-time employees, similar to the Internal Revenue Service bringing a lot of people on during tax season and releasing them during non-tax season.

One of the ways we have been successful in getting those insured monies into the Federal Reserve is by having a flexible work schedule. About 97 or 98 percent of the remittances which are in the Philadelphia Processing Center are credited to our account the next morning.

Mr. SABO. But as I recall, you indicated a part of that difference in float time was the delay internally in processing the mail after it reaches your office. I didn't understand why one office had temporary or part-time people that came in to help processing and the other one didn't. It didn't seem like a very fair comparison.

Mr. VOGEL. That is probably a part of the reflection of the relative freedom we give to managers in the various facilities. The St. Paul management felt it was not cost-beneficial from the point of view of the rental of the equipment and the supervisors that had to be on hand to go to a flexible workforce. Also, the comparative remoteness of the site to neighborhoods is a factor. The belief was that such a workforce was not feasible at St. Paul.

Mr. **Sabo**. It would be hard to then see how that ends up in the plus column on a cost-benefit basis. The St. Paul facility is right on a major bus route.

Mr. **Vogel**. Yes, I know it is. I visited the facility, and it is well served by public transportation. But the nature and the kinds of employees contribute to the belief of management that it wasn't feasible.

Mr. **Sabo**. I wish you would take a look at those numbers again, because in reading them I have a tough time understanding them.

Mr. **Vogel**. Yes, sir. We can submit clarification for the record of the total elements that go into that, and what the definitions of those terms mean, and the impact on the insureds.

[The information follows:]

Remittance Processing and Cash Management

1. The term "float", as used in cash management, refers to the time it takes a payment, such as an insurance premium, to be depoaited into an account and become available for the payee's use. Float is the sum of three components:

(1) mail float is the time the payment (usually a check or money order) takes to reach the payee (i.e.,, the individual, company, etc. to whom the money is owed.)

(2) processing float is the time it takes the payee to accept and deposit the payment to his bank; and

(3) availability float is the time it takes the payee's bank to credit the payment to his account.

An efficient cash management system is one in which "float" is kept to a minimum number of days. (re. pages 30–31)

2. The VA has no control over the mail float and only negligible control over availability float (re. page 31); however, it has total control over processing float. In fiscal year 1985, Philadephia processed an average of 926.8 remittances per day while St. Paul processed 738.9 per day for each individual remittance processing clerk. In addition, St. Paul was experiencing an average work backlog of 1.7 days while Philadelphia had no backlog. The overall effect is that Philadelphia's cash management is more efficient than St. Paul's.

PAYMENT TO STATES

Mr. **Sabo**. On page 20-18, under Other Services, you show $10,550,000 for payments to states in 1986. You show a 4.3 percent reduction from last year's 1986 estimate. Does the VA intend to propose reprogramming for this activity in 1986?

Mr. **Gardner**. No. A reduction there is a result of Gramm-Rudman. I would defer to General Counsel in terms of the legal consideration.

Mr. **Sabo**. The 4.3 percent reduction is the Gramm-Rudman reduction and nothing else?

Mr. **Gardner**. Yes, sir.

LOAN GUARANTY PROGRAM

Mr. **Sabo**. You are requesting $61,874,000 and 1,972 FTEE in 1987 for the Loan Guaranty program. This is an increase of $3,030,000 and 68 FTE from the 1986 levels. The Congress recently passed legislation increasing the Loan Guaranty ceiling imposed by the Gramm-Rudman legislation to $18.2 billion. That amount is then reduced to $17.4 billion by sequestration. Is the $17.4 billion sufficient to last through 1986 considering the recent drop in interest rates?

Mr. **Vogel**. Mr. Chairman, are you talking about the loan amount or the number of employees?

Mr. **Sabo**. The loan amount.

Mr. **Vogel**. We believe the loan amount figure is still a valid one. At the time legislation was enacted, the interest rate, as you pointed out, was a point higher than it is now. We believe that we will still be able to come in within that ceiling, based on the present volume. The pipeline is such that some loans will flow over into the next fiscal year. We still think we will make that.

Mr. **Alvarez**. We are watching that very closely. We have a concern particularly with this latest drop in interest rates, and as Mr. Vogel indicated, the tremendous surge in the volume of activity. We have a real concern, and one of the things that we are doing is enhancing our capabilities to help Mr. Vogel in terms of getting a better handle on projections, bringing aboard assistance to help us address that issue. We will be watching it very closely.

Mr. **Sabo**. What is your current estimate for the amount of loans guaranteed in 1987?

Mr. **Vogel**. Two hundred thousand is the 1987 estimate.

Mr. **Sabo**. No, no, in terms of dollar volume.

Mr. **Vogel**. $13.9 billion, sir.

Mr. **Alvarez**. That is not realistic anymore.

Mr. **Vogel**. Yes. At today's interest rates, it is probably not realistic.

Mr. **Sabo**. Will you give us a new estimate on what you think?

Mr. **Alvarez**. As soon as we can. I would love to do that, yes, sir.

Mr. **Vogel**. As Mr. Alvarez pointed out, we intend to do whatever is necessary to determine those estimates.

Mr. **Sabo**. Why don't we get estimates both for what you think the volume in dollar terms would be under existing law, and secondly, under the Administration's proposal for revision.

Mr. **Alvarez**. Yes, sir, we will be happy to do that.

Try to understand, too, that this is something new to the Agency. This is an issue that has never been an issue. It is something we have never had to manage. Now we find ourselves trying to manage an out-year forecast.

[The information follows:]

Loans Guaranteed

VA is currently taking steps to procure the sevices of an independent consultant to assist VA in developing an accurate forecasting methodology on which to base future estimates of home loan volume. Once a systematic forecasting procedure is in place VA will provide updated estimates in accordance with your request.

CEILINGS ON FEDERAL LOAN GUARANTEE AUTHORITY

Mr. **Green**. Mr. Chairman, I would like to say something on that score. I have generally supported the efforts of the Administration and the Congress to put ceilings on the amount of federal loan guarantee authority. It seems to me the Federal government does intrude into the private credit markets just as much with guarantees as when it makes direct loans itself or borrows money.

But it seems to me that if those ceilings are going to be worth the paper they are written on, and that they are not just going to be blown away each year as Congress sees fit, then you have got to develop some system for rationing the credit in some sort of intelligent way that can stand Congressional scrutiny.

Mr. ALVAREZ. I understand, sir, and I agree with you wholeheartedly. The difficulty we are running into right now is that this came upon us mid-year, and we are trying to find our way out not only through the remainder of this year but into the next fiscal year as well. And so we do need to develop that capability and do it quickly. My concern is that we get a handle on this as soon as we can.

LOAN GUARANTEE PROCESSING TIME

Mr. SABO. Last year you stated in over 85 percent of the cases the Regional Offices met the standard of eight days from receipt of the prior approval loan application until the issuance of a commitment to a lender. That was down from 95 percent from the year before. What is the current percentage, do you know?

Mr. VOGEL. I don't know that, sir.

Mr. SABO. Can you supply that for the record?

Mr. VOGEL. Yes, sir, I certainly will.

[The information follows:]

LOAN APPLICATION PROCESSING

The current percentage of cases in which the regional offices met the standard of eight days from receipt of the prior approval loan application until the issuance of a commitment to a lender is 81 percent.

Mr. SABO. What are you doing to speed up the loan guarantee processing time?

Mr. VOGEL. The internal processing of the loan guarantee, once the documents are received in the Veterans Administration, is one of the areas targeted for improvement in our modernization effort. We do a lot of shuffling of paper in a very old-fashioned way. The number of loans that are closed by lenders on an automatic basis, which has been going on for a few years, is up to about 50 percent now.

We have a great deal of work to do internally. Most of our problem is in the vouchering and auditing of accounts, and we are working to increase our efficiency there.

STAFFING LEVEL

Mr. SABO. Is your requested staffing level for 1987 going to be able to get that percentage approval up toward 95 percent?

Mr. VOGEL. If we do it, I take my hat off to the station directors. We are very, very busy now. One of the phenomena now is the loan activity. New loan applications coming in are very high. At the same time we unfortunately have a comparatively high rate of defaults and foreclosures, so we are working the "nice" side of the house and the "dirty" side of the house, the defaults and foreclosures. People have to devote time to loan servicing and property management, at the same time. That is a historical anomaly that hasn't happened to us in the program. It has been going on now for three or four years.

Mr. **Green**. To what do you attribute that?

Mr. **Vogel**. The economic upheaval which is largely regional since about 1980–1981. The loans made in the early '80s at high interest rates, the recession in the automobile industry and the oil industry resulted in a great number of defaults and foreclosures.

Mr. **Green**. These are geographical clusters?

Mr. **Vogel**. They are, sir. Five of our regional offices have over 40 percent of the total inventory of properties on hand, and the largest one is Houston, Texas.

Mr. **Alvarez**. I might add that we are looking very closely at the inventory issue. As Mr. Vogel indicated, quite a large amount of our resources are tied up in the managing and disposing of that property as best we can. I think we also need to look at alternative ways of handling that, and Mr. Vogel is currently in the process of setting up demonstration or pilot programs to see which one would be a more viable option for the VA.

Mr. **Green**. All during the '70s there were a number of these efforts. As I recall HUD did this at various times, and it might be worth your taking a look at it to see what was done with it.

Mr. **Alvarez**. We looked at the RFP that HUD had out in the street a year or a year and a half ago on this subject. That RFP, as I understand it, was recalled and is still being reworked.

DEPARTMENT OF MEMORIAL AFFAIRS

Mr. **Sabo**. Turning to the Department of Memorial Affairs, here the request is $44,206,000 in 1987, which is an increase of $2,253,000 above 1986. Average employment in 1987 is estimated to be 1,189 FTEE, an increase of 13 FTEE above 1986. We will insert Mr. Hamerschlag's statement in the record.

[The statement of Mr. Hamerschlag follows:]

VETERANS ADMINISTRATION
DEPARTMENT OF MEMORIAL AFFAIRS
ACTING CHIEF MEMORIAL AFFAIRS DIRECTOR'S STATEMENT
FY 1987 HOUSE APPROPRIATIONS SUBCOMMITTEE HEARING

I AM PLEASED TO PRESENT THE DEPARTMENT OF MEMORIAL AFFAIRS' FISCAL YEAR 1987 BUDGET REQUEST. THE DEPARTMENT OF MEMORIAL AFFAIRS IS RESPONSIBLE FOR THREE VETERANS ADMINISTRATION MISSIONS: FIRST, THE OPERATION AND MAINTENANCE OF THE VETERANS ADMINISTRATION NATIONAL CEMETERY SYSTEM; SECOND, THE PROCUREMENT AND SHIPMENT TO DESTINATION OF HEADSTONES AND MARKERS FURNISHED UPON APPLICATION FOR VETERANS' GRAVES IN BOTH NATIONAL AND PRIVATE CEMETERIES; AND THIRD, THE GRANT PROGRAM FOR AID TO STATES IN ESTABLISHING, EXPANDING OR IMPROVING STATE VETERANS CEMETERIES.

THE MANAGEMENT STRUCTURE WITHIN THE DEPARTMENT OF MEMORIAL AFFAIRS TO SUPERVISE AND CONTROL OUR ASSIGNED MISSIONS CONSISTS OF A CENTRAL OFFICE STAFF AND THREE FIELD AREA OFFICES, PRESENTLY LOCATED IN PHILADELPHIA, ATLANTA AND DENVER.

A TOTAL OF 143 CEMETERIAL INSTALLATIONS ARE NOW INCLUDED IN THE NATIONAL CEMETERY SYSTEM, OF WHICH 111 ARE NATIONAL CEMETERIES AND 32 ARE MISCELLANEOUS BURIAL PLOTS AND MONUMENT SITES. THE 111 NATIONAL CEMETERIES INCLUDE THE WEST VIRGINIA NATIONAL CEMETERY IN PRUNTYTOWN, WEST VIRGINIA WHICH WILL OPEN FOR INTERMENTS IN DECEMBER 1986, THE NEW REGIONAL CEMETERY AT FT. MITCHELL, ALABAMA TO OPEN IN SPRING 1987, AND THE FLORIDA NATIONAL CEMETERY, LOCATED AT THE WITHLACOOCHEE STATE FOREST, SCHEDULED TO OPEN IN EARLY FY 1988.

RESOURCES ARE ALSO INCLUDED IN 1987 FOR THE INITIAL START-UP EQUIPMENT COSTS FOR THE FLORIDA NATIONAL CEMETERY.

UNDER THE GENERAL OPERATING EXPENSES APPROPRIATION, WE ARE REQUESTING $44,206,000 IN BUDGET AUTHORITY FOR CEMETERIAL OPERATIONS AND MAINTENANCE. SOME 68.9% OR $30,470,000 OF THIS IS FOR SALARIES AND OTHER RELATED BENEFITS, AND WILL FUND AN AVERAGE EMPLOYMENT OF 1,189. THE OTHER 31.1% OR $13,736,000 WILL BE USED FOR EQUIPMENT, SUPPLIES, FUEL, CONTRACTS, COMMUNICATIONS, TRAVEL, PRINTING AND MAINTENANCE & REPAIR PROJECTS.

DURING 1987 WE EXPECT TO ACCOMPLISH 54,500 INTERMENTS AND MAINTAIN 1,671,000 OCCUPIED GRAVESITES. IN ADDITION, OUR WORKLOAD INCLUDES THE PROCESSING OF 308,000 APPLICATIONS FOR HEADSTONES AND MARKERS.

THE 1,189 AVERAGE EMPLOYMENT WE PLAN TO FUND IN 1987 INCLUDES 398 GENERAL SCHEDULE AND 791 WAGE GRADE EMPLOYEES. THE 1,189 EMPLOYMENT REQUEST REPRESENTS A NET INCREASE OF 13 FTEE OVER THE FY 1986 LEVEL OF 1,176. THE FY 1987 LEVEL INCLUDES SAVINGS EXPECTED FROM CONTRACTING OUT OF SELECTED CEMETERIAL ACTIVITIES, PARTIALLY OFFSET BY WORKLOAD INCREASES FOR INTERMENTS AND MAINTENANCE OF GRAVESITES.

THE FY 1986 PLAN TO REDUCE EMPLOYMENT BY 446 FTEE OVER A 5-YEAR PERIOD HAS BEEN AMENDED TO A LEVEL OF 20 FTEE PER YEAR FOR A TOTAL OF 100 FTEE. THIS AMENDED PLAN WILL ENABLE THE DEPARTMENT TO CONTINUE IN CONTRACTING OUT EFFORTS WITHOUT DISRUPTION TO DEPARTMENTAL OPERATIONS IN FY 1987.

THE 1987 REQUEST FOR CONSTRUCTION FUNDS TOTALS $3,600,000. INCLUDED IN CONSTRUCTION MAJOR FUNDS IS $600,000 IN DESIGN FUNDS FOR A PROPOSED NEW NATIONAL CEMETERY IN NORTHERN CALIFORNIA AND $3,000,000 IN CONSTRUCTION MINOR FUNDS TO PROVIDE NEEDED CEMETERY FACILITY IMPROVEMENTS.

FY 1987 WILL BE OUR EIGHTH YEAR OF OPERATION OF THE STATE CEMETERY GRANT PROGRAM. FOR 1986, $2,839,000 WAS APPROPRIATED. NO NEW BUDGET AUTHORITY IS REQUESTED FOR 1987 BECAUSE SUFFICIENT FUNDS ARE AVAILABLE FROM PRIOR YEAR'S APPROPRIATION TO MEET EXPECTED REQUIREMENTS.

THAT BRIEFLY SUMMARIZES THE 1987 BUDGET REQUEST FOR THE DEPARTMENT OF MEMORIAL AFFAIRS. I WILL BE GLAD TO ANSWER ANY QUESTIONS YOU MAY HAVE.

REGIONAL CEMETERY CONCEPT

Mr. SABO. The VA did a study reassessing the regional cemetery concept. We were told last year that that study had gone to OMB. Has OMB released the study yet?

Mr. HAMERSCHLAG. OMB still has the study but it has been made very clear that the policy of this Administration is that the regional concept is a valid one in meeting the needs of the veterans.

Mr. SABO. Does the study confirm that?

Mr. HAMERSCHLAG. The study was an early look at things. We haven't brought that to complete fruition. What you have to do is review the priorities. There is always a need out there in another locale because of the greater number of veterans. The question is in this budget climate, what priority do you put on meeting those needs versus other needs.

Mr. SABO. Why hasn't OMB released the study?

Mr. HAMERSCHLAG. You will have to ask OMB about that.

Mr. SABO. Do you intend to add cemeteries in other areas of the country?

Mr. HAMERSCHLAG. The only cemeteries we have planned at this point in time are ones that the Committee is aware of in central Florida; Fort Mitchell, Alabama; West Virginia; and northern California. We have no plans beyond that at this time.

CONTRACTING PROGRAM

Mr. SABO. Last year there was discussion of increasing the contracting out of the Department of Memorial Affairs activities. Have you experienced any problems by increasing contracts for maintenance of cemeteries?

Mr. HAMERSCHLAG. The very aggressive contracting program that was envisioned in last year's budget was a subject of some concern to us, and, during the course of the year, we worked with OMB on that. If you notice, for example, the 1986 budget originally was supposed to give us 1161 FTEE. That has been revised upwards to 1176, and 1189 in 1987. Instead of going for a very aggressive A-76 program, we are going to continue to use the direct contract authority we have in Title 38 and focus primarily on the small and relatively inactive cemeteries.

Mr. SABO. Do you think contracting out saves you money here? What about quality of work?

Mr. HAMERSCHLAG. The approach we are taking, which is focusing on the small and inactive cemeteries, does save us money. We have been able to maintain the quality of service we provide.

BOARD OF CONTRACT APPEALS

Mr. SABO. We will turn to General Administration. You are requesting $202,913,000 in 1987 for General Administration, an increase of $1,469,000 above 1986. Average employment is estimated to be 4,123 in 1987, a decrease of 402 below 1986. If you turn to the Board of Contract Appeals, the VA, is requesting 14 FTEE for 1987, an increase of one above 1986. Still the number of appeals pending at the end of the year continues to increase—240 in 1984, 261 in 1985, 292 in 1986, and 329 in 1987. What does the VA intend to do about the increasing number of appeals pending at the end of each year?

Mr. ALVAREZ. The Board of Contract Appeals has very recently seen a surge in the number of cases that have come before it; it is a very small office. It has experienced an increase, and we have increased this office in the last couple of years by one or two people.

Mr. SABO. My notes indicate it went down by one in 1986.

Mr. ALVAREZ. There is a technical adjustment there.

Mr. HOFFMAN. That is probably because of Gramm-Rudman in this case, Mr. Chairman.

Mr. ALVAREZ. I have talked to the Chairman of the Board of Contract Appeals, and, at this point, he approves of what we are trying to do. But he is still very concerned.

Mr. SABO. Is that a place where staff might need increasing?

Mr. ALVAREZ. Yes, sir. And we are able to help them out internally, to some extent. I think we did it once before and, if necessary, we can do it again.

BOARD OF VETERANS APPEALS

Mr. SABO. Turn to the Board of Veterans Appeals. Last year you requested funding for 441 FTEE. The 1986 conference report stated that the reductions in the GOE account were not to be applied to the Board of Contract Appeals or to the Board of Veterans Appeals. The table on page 20-65 shows 413 FTEE for the Board of Veterans Appeals in 1986, a decrease of 28. Why have you taken a cut of 10 FTEE in the Board of Veteran Appeals in 1986 in light of the 1986 conference report language?

Mr. HOFFMAN. Mr. Chairman, I will address that. We honored the conference report when the reduction was at $8 million. When the House and Senate conferees met, as a matter of fact, the Senate reduction was $9 million, so there was not much of a difference between the two Committees. But then, on the basis of negotiating this bill in the Senate, an additional $23 million reduction was added to the General Operating Expenses appropriation. At that time, we felt we had no alternative but to have to seek a reduction in the Board of Veterans Appeals.

I might add also that the original concern was the fact that the response time had been at a level of 301 calendar days in 1983. In 1984 that dropped to 148 calendar days. In 1985 it was down to 122 calendar days response time, which is the goal that the Board of Veterans Appeals had set for itself.

So in essence, Mr. Chairman, the problem that we faced earlier—the growing number of appeals backlogged and the time it took to respond—has now been solved insofar as the Board of Veterans Appeals is concerned. You might recall that in the discussions earlier today I indicated we were in the process of reviewing all the operating plans and would try to restore an additional 11 FTEE to this account. In effect we would be restoring the 10 FTEE.

Mr. SABO. The language was rather specific, even after recognizing the change in dollar amounts.

Mr. HOFFMAN. In the conference report?

Mr. SABO. Yes. It clearly says, "The reduction in funding is to be applied at the discretion of the Veterans Administration to activities other than the Board of Contract Appeals and the Board of Veterans Appeals."

Mr. **Hoffman**. Mr. Chairman, that is why we are looking to restore the 11 FTEE. The other 17 FTEE are a result of Gramm-Rudman.

Mr. **Sabo**. The combination makes for the largest FTEE reduction in the general administration activity?

Mr. **Hoffman**. Yes, it does.

Mr. **Alvarez**. But even with the language, and even though we are faced with a problem of addressing the language of the report, sir, I would like to point out that that program has achieved our goals in terms of reducing the response time of 300-some days down to about 120-some days. We are now at the point that we feel we can maintain that response time.

Mr. **Sabo**. The Committee is fearful that we will reverse the old trend which was longer and longer.

Mr. **Alvarez**. Yes, sir.

Mr. **Hoffman**. The 1987 budget also has 122 calendar days response time.

MEDICAL CARE RECOVERIES AND DEBT COLLECTIONS

Mr. **Sabo**. Medical care recoveries and debt collections in 1985 were significantly higher than your earlier estimates. What accounts for that improvement? That should be a plus.

Mr. **Hoffman**. This is being done by the General Counsel's Office.

Mr. **Alvarez**. Also last year, sir, we implemented a program within the Agency to address debt management and credit management. We established a staff in the Department of Veterans Benefits, where primarily most of the debt issues arose, and we came up with some pretty good programs I feel will help us as we get into 1986 and 1987.

Mr. **Sabo**. You have been referring debtors to credit agencies and the IRS.

Mr. **Alvarez**. IRS also.

Mr. **Sabo**. Did that reduce the need for debt collection personnel in the Office of General Counsel?

Mr. **Ivers**. We think while it may not reduce the need for personnel, it may reduce the emphasis that we have to place on that program. In fact, in light of some of the reductions, we feel we have got to stop pursuing for litigation purposes cases below $600. However, those cases will continue to be processed administratively and referred to IRS for offset.

This year we referred only judgment debts, and we have seen a significant upturn in people coming in to make arrangements to pay those judgments off to avoid being referred to IRS for offset and refunding. That is going to reduce, we think, our workload to some degree.

Mr. **Alvarez**. Mr. McRae, can you add any more to that?

Mr. **McRae**. We referred 32,000 cases to IRS for this tax season, and so far we have received refunds on approximately 2,000 accounts at just over $1 million in cash back to the agency.

Mr. **Green**. There has been some opinion expressed that as people become more and more aware of the program that the agencies are able to use the IRS facilities to offset against, that they will arrange their affairs so they don't have refunds.

Mr. **McRae**. My comment there would be that those would be the people who are already delinquent in debts to the government. Everyone else may not have that fear and may not have an inclination. We haven't had any experience that that will materialize.

Mr. **Green**. I just wouldn't want you to assume that it is going to be something that will enable you to eliminate all your other debt collection activities.

Mr. **McRae**. In fact, we are doing a number of other things in debt collection right now to improve the system and make collections much quicker and in much greater numbers before they would be referred to IRS. That really would just be an additional step after a more streamlined system has had its crack at those debts.

Mr. **Green**. Thank you, Mr. Chairman.

COMPENSATION BENEFITS

Mr. **Sabo**. Turn to the benefits program. The fiscal year 1987 request for compensation and benefits is $14,364,400,000, an increase of $209,401,000 above 1986, if the supplemental appropriation request of $272 million is considered as enacted. Will the supplemental request for 1986 be sufficient for the account?

Mr. **Gardner**. We feel it is still necessary and will be sufficient to meet our needs in 1986.

COMPENSATION AND PENSIONS OVERPAYMENTS

Mr. **Sabo**. The amount of compensation and pensions overpayments at the end of the year has continued to increase. Overpayments totalled $109,176,000 at the end of 1981, and had increased to $262,535,000 at the end of 1984. What was the total amount of compensation and pensions overpayments outstanding at the end of 1985?

Mr. **Hoffman**. $304,551,000.

Mr. **Sabo**. What is the VA doing to try and reduce the amount of overpayments?

Mr. **McRae**. The overpayments in the compensation and pension programs are going down. The dollar amount is going up slightly, because of the general trend in increases in compensation over the years. What we are doing is an assessment throughout the agency, which includes compensation and pension programs, to find ways to further reduce the number of accounts even more than is already being reduced. When that happens, we expect a downturn in the debt being created as well.

Mr. **Alvarez**. In addition, I think the total modernization effort will provide a faster response time, and enhance our ability to recognize these errors more quickly. It is going to be very helpful to us.

Mr. **Hoffman**. Mr. Chairman, I might add, too, that there is a favorable trend at the end of December—that $304 million was down to $299 million. Although it is dragging, at least it is going in the right direction.

SEQUESTRATION OF BURIAL BENEFITS AND MISCELLANEOUS ASSISTANCE

Mr. **Sabo**. Does the sequestration of the funds for the burial benefits and miscellaneous assistance pose any special legal problems for you?

Mr. **Ivers**. We don't see any particular legal problems per se with the burial benefit area. The program is not exempt under Gramm-Rudman sequestration and it has taken effect. The problem that we see may be more from a practical standpoint and that is how to address that so as to avoid the effect on benefits as much as possible.

The areas we are looking at are the in-kind benefits—flags and markers—and we are looking right now at ways to reprogram funds to cover those, and, at the same time, keep the 4.3 percent cut across the board on the other programs.

SUPPLEMENTAL REQUEST

Mr. **Sabo**. In the readjustment benefits program you are requesting a supplemental of $91 million. Will that be sufficient now?

Mr. **Gardner**. Yes.

Mr. **Sabo**. We may have gone through this earlier, but is the need for the supplemental caused by the sequestration?

Mr. **Gardner**. No. The supplemental was included in the budget before sequestration was implemented.

Mr. **Sabo**. So your base amount of appropriation will be sequestered but the supplemental is not, is that it?

Mr. **Gardner**. Yes. The sequestration was on both the appropriation and the supplemental.

EDUCATIONAL OVERPAYMENTS

Mr. **Sabo**. The educational overpayments outstanding at the end of 1984 was $548,230,000. Last year the estimate for 1985 was $512,325,000 in overpayments. Do you know what the amount of educational overpayments at the end of 1985 was?

Mr. **Hoffman**. Yes, $521,994,000 and at the end of December, that has gone down to $511 million.

LOAN GUARANTY, REVOLVING FUND

Mr. **Sabo**. Congress appropriated $200 million for the loan guaranty revolving fund in 1986 due to the high number of foreclosures. Does it appear now that you will need a supplemental appropriation in 1986?

Mr. **Hoffman**. The answer is no.

HOUSTON AUCTION OF HOMES

Mr. **Sabo**. You recently auctioned some homes in Houston. Did you get a good price? Did the buyer get a good price?

Mr. **Vogel**. The buyers got good prices, sir.

Mr. **Sabo**. Is that a good deal for the Government or are we better off holding?

Mr. Vogel. Those properties had been in inventory an average of 21 and a half months. We did in fact realize a loss over the appraised value of the property of about 35 cents on the dollar.

However, if you hold them in inventory, you are maintaining them; you are protecting them against vandalism; and you are paying taxes and utilities. The 249 properties were sold at an advantage to the buyers, but they are now out of inventory.

It also had, we hope, a beneficial side effect in advertising since it got nationwide publicity. The nation knows we have properties, and we will sell them at a fair price.

Mr. Lewis. Mr. Chairman.

Is that the average experience, 35 cents on the dollar?

Mr. Vogel. No, we have had a number of auctions, Mr. Lewis. Some of them actually came in at a little over 100 percent of what we thought they would bring. It depends on where they are. Houston was our worst experience so far based on what we realized. 2We had two other auctions scheduled in March in Arizona. We expect to do very well in those two auctions. It is a different kind of market. We have had them in Peoria and a number of others around the country.

Mr. Lewis. What kind of buyers do you get in Houston? Are they entrepreneurs, or individual family members?

Mr. Vogel. The nature of the folks that have attended has changed. The auctions we had in Cedar Rapids, Iowa, and in Peoria, were largely composed of individual homebuyers. The auctioneers that did the Houston auction estimate that about 50 percent of those people were speculators, interested in buying real estate for investment, and the other half were people looking for places for their family. It is a mix. We will have an auction in Los Angeles later this year and we will see. We never really know who is going to show up at these things, but it was about 50-50 at the Houston auction.

AVERAGE LOSS PER PROPERTY SOLD

Mr. Sabo. The average loss per property sold in 1985 was up from 1984 by 36 percent. Why that increase in loss per property? Were you selling them in more depressed markets?

Mr. Vogel. More depressed markets. In the last month we have turned that around a little bit and reversed that, but the length of time in inventory and deflated values are primary contributors to that.

LOAN ASSET SALE PILOT PROJECT

Mr. Sabo. As I understand it, the VA is planning to participate in a loan asset sale pilot project. Would you explain the pilot project? Will it save the government some money?

Mr. Vogel. I don't have the details of that with me. I don't know it off the top of my head, Mr. Sabo. I would be pleased to submit it for the record.

[The information follows:]

VENDEE LOANS

Currently VA sells its portfolio of vendee loans with a repurchase agreement. Essentially this requires VA to repurchase vendee loans sold to investors that go into serious default (3 installments past due). As a test program 10 percent of vendee loan sales in FY 1987 will be made without the standard repurchase agreement. This will allow VA to determine the marketability of vendee loans sold without government recourse. The Veterans Administration does not know at this time the budgetary impact of this pilot program.

CREDIT CONTROL LANGUAGE FOR INSURANCE FUNDS

Mr. **Sabo**. Turn to the Insurance Fund. The VA continues to request credit control type language for five insurance funds. However, the language reads, "Gross obligations are authorized in such amounts as may be necessary." That is not really a limitation. Why do you keep requesting that kind of language for the funds?

Mr. **Alvarez**. We will have to provide that answer for the record, sir.

[The information follows:]

Credit Limitation Language

The administration believes that generally all credit activity should be limited in annual appropriations acts. However, for some programs such as the VA's insurance funds, special circumstances suggest that no specific dollar limit be identified. In these cases, the proposed appropriations language serves to identify the programs as providing federal credit, thereby helping to assure that all federal credit activity is recognized within the appropriations process.

SEQUESTRATION OF INSURANCE FUNDS

Mr. **Sabo**. I understand sequestration affects five insurance funds by reducing the amount of policy loans. Do VA insurance policyholders have a contractual right to borrow against their insurance equity?

Mr. **Vogel**. Yes, they do, sir.

Mr. **Ivers**. There is a very real legal problem with that aspect of sequestration.

Mr. **Sabo**. You probably can't deny a loan?

Mr. **Ivers**. The state of the law right now would indicate that those loans cannot be denied. However, the process incorporated those funds, and we are in the process now of working with OMB to see if we can't work out some sort of compromise.

Mr. **Sabo**. Are these loans considered outlays for our unified budget?

Mr. **Ivers**. They have been in this process up to this point. As I say, there are some very real legal questions about whether they should have been included or not, and the Comptroller General has been less than clear in his guidance on that point. Mr. Montgomery from the House Veterans Affairs Committee addressed that question to the Comptroller General. His answer was very vague, and so we are left right now without any guidance. The cap is there. We have to comply with it. We are trying to work with OMB to see. The end result may be in fact a request for legislation.

Mr. **Sabo**. I voted against the bill.

Mr. **Ivers**. I realize that, sir.

Mr. **Sabo**. What is the current interest rate that the VA is charging for such loans?

Mr. IVERS. It varies with the insurance amount.

Mr. VOGEL. There is one by law which is set at 5 percent. The others are set at the discretion of the Administrator and it is currently 11 percent.

Mr. LEWIS. Is that the most recent contract, 11 percent?

Mr. VOGEL. Yes, sir.

Mr. LEWIS. The old contracts were blanket?

Mr. VOGEL. There is the United States Government Life Insurance which has a limitation of 5 percent. The other interest rates are discretionary. The large ones, the National Service Life Insurance permanent policies which are World War II, and the Veterans Special Life Insurance which was Korean, are currently at 11 percent.

Mr. SABO. Those are set by administrative action?

Mr. VOGEL. Yes, sir.

Mr. SABO. Do you plan any changes in those?

Mr. ALVAREZ. We had planned to change, until we saw the impact of the legislation, sir. We are holding off on that at this point.

Mr. IVERS. We have not yet reached the point where we have had to deny a loan under the program.

EMERGENCY VETERANS JOB TRAINING ACT

Mr. SABO. The Emergency Veterans Job Training Act was signed into law on August 15, 1983. The program was enacted because of high unemployment for Vietnam era veterans. The unemployment rate for Vietnam era veterans was near 15 percent at the beginning of calendar 1983. The program has been extended three times.

The latest extension authorized a $65 million appropriation for 1986. How much of the original appropriation of $150 million for the Emergency Veterans Job Training Program is unobligated?

Mr. VOGEL. We had $17.6 million, Mr. Chairman.

Mr. SABO. That was the amount unobligated at the beginning of fiscal year 1986, and it is still the same amount?

Mr. VOGEL. It is nearly there. We deobligate funds as veterans drop out of training programs. It is about that amount.

UNEMPLOYMENT RATE FOR VIETNAM VETERANS

Mr. SABO. The unemployment situation has changed since 1983. According to the justifications, that and other veteran job services provided by other programs are reasons the VA is not requesting any additional funds for this program. Did the VA request any additional funding for this program from OMB?

Mr. ALVAREZ. No.

Mr. SABO. What is the latest unemployment rate for Vietnam veterans, do you know?

Mr. ALVAREZ. It is about 5 percent, isn't it?

Mr. VOGEL. I don't know the figure.

Mr. SABO. If you have it, why don't you supply that for the record as well as for other veterans.

Mr. ALVAREZ. We will supply that for the record, sir.

[The information follows:]

Comparison of Unemployment Rates Among Veterans as of January 1986

Period of service:	*Percent*
World War I	1.9
World War II	4.0
Korean conflict	5.1
Vietnam-era	6.1
Peacetime	6.9
Total veterans	5.8

DECENTRALIZED HOSPITAL COMPUTER PROGRAM

Mr. Sabo. We will turn to the Decentralized Hospital Computer Program and Integrated Hospital System. Several years ago, 1981–1982, the VA began developing a MUMPS computer language system to be used at the VA medical centers. MUMPS—that is probably a good one for something connected with hospitals.

This system, now known as DHCP, was intended to give hospitals access to computerized processing of various patient-care functions, including registration; admission; discharge and transfer; inpatient and outpatient pharmacy ordering and prescription filling; laboratory test orders and results reporting; and a variety of other computer programs to aid medical and administrative personnel at the hospitals in their patient care responsibilities.

These systems are generally available throughout the medical industry, although their development at the VA had been limited to other priorities and the lack of technical resources.

How many medical centers now have some portion of the DHCP in operation?

Mr. Lindsay. I can respond to that, Mr. Chairman. All medical centers have that capability, as you asked the question.

Mr. Sabo. Most of these have installed the "initial core functions"; registration; admissions, discharges, transfers; and outpatient pharmacy. How many have "initial core" in operations?

Mr. Lindsay. A total of 163 medical centers are up in terms of the MAS package which you alluded to, and about 50 percent of the medical centers will have laboratory packages by the end of this fiscal year.

Mr. Sabo. That is the full core?

Mr. Lindsay. That is the full core with the addition of pharmacy, yes, sir.

Mr. Sabo. Then we also have an Enhanced core?

Mr. Lindsay. Yes. I am not talking about Enhanced DHCP. I am talking about full core. It is our expectation that all VA medical centers will be full core operational by the end of fiscal year 1987.

LOSS OF PROGRAMMING EXPERTISE

Mr. Sabo. Originally one of the virtues of DHCP was that it utilized a special program, "file manager," which was supposed to facilitate the ease of DHCP installation. Recently, however, file managers have been found to create processing response delays. This has required special programming rewrites. In the meantime several of the top VA programmers have left the Agency for jobs in the private sector.

Another virtue of DHCP was its use of small minicomputers. What has happened, however, is that in some sites, five or six computers have had to be strung together in order to process the "initial core." The VA is now planning an RFP to acquire larger computers to replace the current generation of connected minicomputers.

Is this loss of some of your programmers going to have a severe impact on your schedule?

Mr. LINDSAY. I believe the answer to that is mixed. We do regret the loss of some of our more qualified people who were with us in the beginning of the development of DHCP in those modules. However, we are replacing those individuals with qualified indivduals, and I feel confident that in terms of the timeframe provided, that I responded to earlier, we can meet those timeframes.

MINICOMPUTERS VERSUS LARGE COMPUTERS

Mr. SABO. To what extent has the need to interconnect several minicomputers created processing delays? Will a larger computer help?

Mr. LINDSAY. At many of our larger hospitals, we do not rely upon one CPU, but we rely upon several CPUs. At our largest hospitals that might be six. We can connect the six together so they provide us the capacity that we need. So in terms of doing that, I suppose you can say in order to accomplish this there might be some delays. But it is really an installation and interconnection problem, not a realistic delay problem.

In terms of the larger computers, as we get the funding that is included in the President's budget for fiscal year 1987, our implementation strategy would be to buy larger computers and place them into our larger medical centers, and then take those CPUs which are in those same centers and install them into smaller VA medical centers. That is our strategy, and that is what we are working into, in the event that this budget is passed.

MEDICAL PROGRAMS ADP RESOURCES

Mr. SABO. On page 4-8, you show an average employment of 1,129 for medical ADP programs in 1985. Last year, you estimated average employment of 1,056. Why was there an increase?

Mr. LINDSAY. What we are finding, Mr. Chairman, is, that as the medical centers begin to utilize this much-needed computer capacity in the software programs that we have, that they are beginning to shift more FTEE in support of the DHCP effort. In other words, the medical centers individually have made the judgment that the biggest bang for the buck is for them to get the full benefit of DHCP.

Mr. SABO. Does that answer also apply to 18 FTEE increase in 1986 and 46 FTEE increase in 1987?

Mr. LINDSAY. Yes, sir.

CAPITAL INVESTMENT

Mr. SABO. On page 4-8, you show $26,709,000 obligated for capital investment in 1985. This represents an increase over last year's estimate of $20,885,000 for capital investment in 1985. Why is there an increase of close to $6 million in capital investment in 1985?

Mr. LINDSAY. Yes.

Mr. SABO. You also request an $11,689,000 increase for 1986. And the $23 million increase proposed for 1987? There is a big capital investment increase there.

Mr. LINDSAY. Yes, in 1986 the medical centers under our current regulations have the authority to obligate up to $50,000 of our own equipment dollars with limitation per VA medical center, and many of those medical centers have requested authority to do that, and those dollars are used to buy printers, CRTs or to make improvements in the DHCP capacity that they currently have.

In other words, they have some flexibilities within their own budget to make minor improvements in that system and in that program. They have requested approximately $7 million to do that, utilizing their own funds, and that shows as a capital expenditure in DHCP equipment.

MONDAY, MARCH 10, 1986.

Mr. BOLAND. The Committee will come to order.

We are happy to have with us this afternoon the Veterans Administration again, and we will deal with the construction programs for fiscal year 1987.

The VA is requesting $358,208,000 for its construction programs for 1987, all reflected on page 13-1 of your justification.

That is a decrease of $307,336,000 below the fiscal year 1986 level. The VA plans to fund $57 million of its 1987 construction needs from reprogrammings available from prior year appropriations. So, actually, the fiscal year 1987 appropriations request for construction, major projects is $301,208,000, a decrease of $184,336,000 below the fiscal year 1986 appropriations. Is that correct?

Mr. HOFFMAN. That is correct.

OMB BUDGET REQUEST

Mr. BOLAND. What was requested of OMB for major construction projects in fiscal year 1987?

Ms. LIVINGSTONE. We requested $646.21 million, sir, in major construction new budget authority.

Mr. BOLAND. What was the rationale for cutting the 1987 budget request?

Ms. LIVINGSTONE. It was done within the general environment of fiscal restraint and the overall necessity to meet reduced target levels for the deficit.

AGING STUDY

Mr. BOLAND. How does your 1987 budget request relate to the VA's aging study?

Dr. DITZLER. According to the study we did, we said we would have about an 18-month period in which to formulate plans. This reflects in part a reformation, if you will, of plans for nursing homes. The plan is to build fewer nursing homes, do more with State veterans nursing homes and convert more hospital beds to nursing home care beds. In part, the budget request reflects the study.

WORKING RESERVE BALANCE

Mr. BOLAND. How much money is currently in the major working reserve?

Ms. LIVINGSTONE. Approximately $9.5 million.

Mr. BOLAND. Do you have any idea what might be in the working reserve at the end of fiscal year 1986, after taking out the $57 million pledged to the 1987 construction program?

Ms. LIVINGSTONE. It is very difficult to anticipate that at this time. We have a number of requests that we know are in the pipeline that place demands on the working reserve. The working reserve is at one of its lowest points during the last couple of years.

It is difficult to estimate right now what the working reserve level will be. We have had significant changes in our bid markets this year.

Mr. **Boland**. When do the funds get returned to the working reserve?

Ms. **Livingstone**. VA policy requires that the monies revert to the working reserve at the time of the construction award while leaving some monies on the project for possible contingencies and completion items.

Mr. **Boland**. So, the amount of money that is returned to the working reserve, then, would depend upon what the actual bid was for the project itself?

Ms. **Livingstone**. That is correct.

SCOPE CHANGES

Mr. **Boland**. And how often do you use the working reserve to really change the scope of the project?

Ms. **Livingstone**. In terms of frequency, we would have to provide that for the record. The working reserve is a means of funding scope changes or cost limit increases on projects, and we have utilized it to a fairly significant extent the last couple of years for that purpose.

Mr. **Boland**. Will you detail for the record the number of times that the working reserve was used to increase the scope of a project? Those dollars start to become rather large if the scope of the project is changed.

Ms. **Livingstone**. Yes. We will be pleased to.

WORKING RESERVE CONTROL

Mr. **Boland**. What controls do you really exercise over the working reserve?

Ms. **Livingstone**. On the utilization of it?

Mr. **Boland**. Yes.

Ms. **Livingstone**. The cost limit increases and scope changes are usually requested through the Department of Medicine and Surgery. The requests go through a rather extensive review within the Department of Medicine and Surgery, Office of Construction, and the Controller's office, as well as my own office, which is the Associate Deputy Administrator for Logistics.

Mr. **Boland**. Who authorizes the transfer of excess funds to the working reserve?

Ms. **Livingstone**. That is done by matter of policy on construction award by the Office of Construction.

Mr. **Boland**. Is that always done? Are the excess funds always transferred to the working reserve?

Ms. **Livingstone**. At the conclusion of construction award?

Mr. **Boland**. Yes. Are there any instances where funds are not transferred to the working reserve? What do you do with them?

Mr. **Neumann**. Some of the time, sir, we have a situation where there is a multi-phase project, and while we may feel we have savings on bids for a given phase, we may not transfer the money immediately because we still have one or more future phases to bid.

Frequently there isn't just one bid per project. There might be several bids. So we may feel we have a savings at a given time, but not be really sure of total savings until the project is completely bid.

Mr. **Alvarez.** So it will go from phase to phase?

Mr. **Neumann.** Yes, sir.

Mr. **Boland.** Now, the Veterans Administration details the scope of a construction project and estimates what it will cost. That amount is appropriated to do the defined project. The project estimate is based on certain assumptions as to costs and inflation. If the inflation estimates are too low, we generally provide additional funds in order to take care of that matter, and likewise if the estimated costs are found to be high after bid are received, the excess funds should be placed in the working reserve.

Is that done?

Ms. **Livingstone.** At the conclusion of the construction award, yes, sir.

Mr. **Boland.** One of the problems is the potential for changing the scope of the project and dipping into the working reserve in order to satisfy the cost of the change in the scope. So are you going to supply for the record those areas in which that has been done, as I asked before?

Ms. **Livingstone.** Yes, sir.

[The information follows:]

SCOPE CHANGES REQUIRING REPROGRAMMING FROM THE MAJOR WORKING RESERVE 3/83 THROUGH 3/86

Cincinnati, Ohio—Two Additional Elevators, $570,000

Reason: During the development of final preliminary plans, a requirement for additional space for the conference room and offices created a need to relocate the library. Also, space has to be renovated to install a CT scanner.

Mountain Home, Tennessee—Clinical Addition, $160,000

Reason: During construction, a CT scanner was approved for this Medical Center. A room in the Clinical Addition had to be renovated to accommodate the CT Scanner.

Philadelphia, Pennsylvania—Clinical Improvements, $120,000

Reason: This project was to be done concurrently with another, "Admissions/Emergency Room Relocation for Clinical Improvements." It was decided to redesign the final portion of this project in order to have less disruption to the areas and reduce construction cost and completion time. The redesign entails the upgrading of Admissions area along with the renovation of the Emergency Rooms and operations.

Pittsburgh, Pennsylvania—Clinical, Education and O/P Addition, $4,200,000

Reason: Scope change to add two floors to house Surgery, Intensive Care, Education, Prosthetics, Eye Clinic, Rehabilitation Medicine, Engineering, and Psychology Service. Combining this work into this project would be less costly than doing this work under a different project.

Richmond, Virginia—Replacement Hospital, $1,500,000

Reason: Funds were requested for a scope change to provide for the completion of Research and the Animal Research Laboratories.

Salt Lake City, Utah—Clinical and Ambulatory Care Addition, $5,039,000

Reason: An initial reprogramming for $1,350,000 was approved of which $1,100,000 was due to scope changes to remodel Building 1, ground floor for Pharmacy, Medical Administrative Service, and other functions due to a change in the criteria for the Pharmacy and a change in the mission of the Medical Center. An additional reprogramming of $3,689,000 was approved on this project of which $1,435,000 was attributable to a change in scope. These changes involving changing an entrance lobby and canopy, relocating the Morgue, adding a soiled case cart elevator, and changing laboratories.

St Louis (JCD), Missouri—Clinical Addition and Ward Relocation, $1,093,000

Reason: Completion of two phases under this project revealed the need for additional electrical power. The existing primary electrical distribution needed to be upgraded to accommodate the increased demand. This required construction of a new utility substation, new 5KV distribution switchgear, and new primary underground cable to distribution switchgear and to the VA facility.

West Los Angeles, California—117-Bed NHCU Conversion, $1,500,000

Reason: Original scope was to only remodel three floors above the ground floor of Building 213. The new scope of the project is for total remodeling of Building 213 from the ground floor.

UNOBLIGATED FUNDS, ALBUQUERQUE

Mr. **Boland.** Let's look at the spreadsheets on page 13-39 for a minute. The top line indicates there is $11,954,000 unobligated for the Albuquerque project for the end of fiscal year 1986. For what will those funds be used?

Mr. **Neumann.** They are for a future phase there, sir.

Ms. **Livingstone.** I believe that is Phase II of the construction project which provides for demolition, parking, some road and site work, and also a pedestrian bridge that will connect the main hospital building to the south parking lot at the medical center.

Mr. **Boland.** Let me ask you whether or not the bid for the final phase of construction has been awarded on this project?

Ms. **Livingstone.** No, sir. The Phase II construction award is not scheduled to be awarded until August of 1987.

UNOBLIGATED FUNDS, MINNEAPOLIS

Mr. **Boland.** For what will the $19,376,000 that you estimate will be unobligated at the end of the fiscal year from the Minneapolis project be used? We are getting into some very big figures here.

Ms. **Livingstone.** We have two future phases that have not been awarded on that project. One is Phase VI, which is for an animal research facility, which is scheduled for award in February of 1988, and also Phase VII which is for final site work and demolition, which is scheduled for award in March of 1988.

Our current estimate for those total approximately $16 to $17 million.

UNOBLIGATED FUNDS, PORTLAND/VANCOUVER

Mr. **Boland.** On page 13-41, the spreadsheets show that $36,452,000 will be unobligated for the Portland/Vancouver project at the end of fiscal year 1986. I presume part of that is to be used for the pedestrian bridge project?

Ms. **Livingstone.** Yes, $6.7 million of that is for the pedestrian bridge.

Mr. **Boland.** What are you going to do with the balance of the funds?

Mr. **Neumann.** We have a final phase, sir, for the Portland Division of the facility for $10.3 million in 1987, and in 1989 we have a 60-bed support unit to award at the Vancouver Division.

UNOBLIGATED FUNDS, SEATTLE

Mr. **Boland.** All right. Down the column a little bit to Seattle, the spreadsheet shows $20,005,000 unobligated at the end of fiscal year 1987 for the Seattle project. For what will those funds be used?

Mr. **Fote.** For renovations for the existing building. That phase is the one we have scheduled out in 1989.

Mr. **Boland.** Will all $20 million be used for that purpose?

Mr. **Fote.** Yes. We are currently estimating around $20 million.

Ms. **Livingstone.** Current estimate is about $22.1 million.

DELEGATION OF CONSTRUCTION PROJECTS

Mr. **Boland.** Let's get into the subject of delegation to the field. I know the VA is unhappy about the position of this Committee with respect to the delegation for specific projects to those hospital directors who have the knowledge and the ability to do what this Committee suggested in about 1982, when we developed a pilot project for Tampa and Ann Arbor—and what was the other one?

Ms. **Livingstone.** Fresno.

Mr. **Boland.** The position on this side of the table, at least from a number of the Members, was that the hospital construction program was really not so much faltering as it was being delayed a considerable number of weeks and even years. Also, some bad judgments were made with reference to some of the hospitals that were being constructed that would have been better left to the judgment of the hospital director, rather than to somebody sitting here in Washington.

As a result of that, this Committee decided we ought to have some pilot delegation projects. This matter was discussed among hospital directors from around the country and the staff of this Committee. For the most part, the Directors were willing to assume that responsibility. A number of them were willing and a number of them are, and believe that the judgment of the hospital directors ought to have some significance in the construction program.

I think common sense would dictate that, too, particularly if I could read from some of the problems that were developed, as a result of the decisions by the Central Office. Just let me read a couple.

The Bronx Hospital is the classic example. Did you ever read our judgment on this? Did you ever get one of these?

You did get it? I am not being critical. I am just indicating that we think this is a good thing for the VA, particularly when the Bronx Hospital—of course, you know the A&E was all done, construction all done by the VA itself. Let me read one section here.

"It has always been accepted that the surgical intensive care unit should be placed as near to the operating room as possible."

Is that a good suggestion?

Dr. **Ditzler.** In general.

DESIGN DEFICIENCIES, VAMC BRONX, NY

Mr. **Boland.** The original plan specified that the surgical intensive care unit would be on the fifth floor while the operating rooms were on the second floor. Despite an appeal by the hospital staff to the VA Central Office to correct this design problem, Central Office ignored the pleadings of the hospital Director. This deficiency is now part of the everyday problems of operating in the hospital.

In the early stages of construction of the hospital, the Director and the Chief of Staff pleaded with the Central Office planners to not put the hemodialysis kidney treatment unit above the second or third floor. The Bronx Hospital is built on the highest point of land in New York City and often has problems with water pressure.

Despite warnings, the hemodialysis unit is now located on the top floor, the ninth floor, and additional pumps had to be installed to ensure that the proper pressure of water would always be available for that unit.

The pharmacy is located in the hospital lobby, causing unnecessary traffic and construction in that area, and despite early warnings from the existing hospital staff, the ambulatory care unit was placed at the end of the hospital, farthest from the street entrance. This design deficiency causes patients who are often incapable of walking but a few feet to cover a distance of better than one-quarter of a mile from the street to the ambulatory care admitting areas.

This is the kind of thing that gave this Committee pause to reflect upon whether or not the Central Office was doing the construction job in the manner which best suits the hospital. Are you still unhappy with this delegation?

Mr. ALVAREZ. Mr. Chairman.

VA OPINION OF DELEGATION

Mr. BOLAND. Doctor, would you be unhappy with it? We are letting the Central Office select the areas to be delegated. You have that authority and we don't object to that. As a matter of fact, I think we have agreed in a number of instances to the delegation that has been selected by the Central Office. Would somebody like to respond?

Dr. DITZLER. In response to your question, no. I have no problem with selected delegation. My concern, I think, goes back to the more generic issue of why these things happen.

I think delegation, per se, is only one method of accommodating the final end product. I think the basic problem is right upfront in the beginning planning stages, and I think that if we had closer liaison with our hospital directors in initial planning and early development of construction drawings, the issue of delegation would be a moot question.

Frankly, I would rather see my hospital directors running the hospital and doing some of the things they ought to be for patients. I think supervising construction is a hobby in some of their cases rather than part of their vocation.

Mr. BOLAND. Are you saying that this sort of thing would be a hobby for the hospital directors?

Dr. DITZLER. I think they have plenty of other things to occupy their time.

Mr. BOLAND. But don't you think the construction of the hospital and the placement of medical activities within that institution is a matter that ought to be considered by the director?

Dr. DITZLER. I think it is very definitely indicative of the generic problem, that we have had failures in the upfront planning because of construction design drawings. I have been a director, too, and I have great empathy for what you just said.

I had the same problem in San Diego. However, the delegation of decision making is most important at the time of agreeing to the working drawings and all of the upfront planning. The actual construction business is neither what a hospital director normally is employed to do, nor is that necessarily going to resolve problems if the upfront planning isn't done properly.

Mr. **Boland**. Let me ask you whether or not you have had problems with the three pilot projects. Are you happy with them?

Dr. **Ditzler**. We were generally happy. I think the revelation realized from the Booz Allen report that reviewed delegation on those projects is that it didn't save any money. So the issue of whether you were saving any money by doing this became a moot point.

The clear point of the Booz Allen report was that we had to do a much better job of upfront planning.

Mr. **Boland**. I think you probably stated it correctly. The thrust of the problem so far as this Committee was concerned is that it would be nice to save money, but it would be better to have an institution that really meets the needs of the patients that go there.

I think that is more important than saving money. The VA, I am sure, considers this, too. Let me ask you, do you have any confidence in the ability of hospital directors to manage major construction projects?

Dr. **Ditzler**. If they have enough support facilities, I think those who are deeply interested could do a good job.

MEDICAL CENTER RESOURCES FOR DELEGATION ACCOMPLISHMENT

Mr. **Boland**. Do they have the sufficient support facilities to do it?

Dr. **Ditzler**. Sometimes. Some of them do, some don't. For example, sometimes they need a lot more resources in supply services, to effect adequate contracts. The basic concern I had with delegation was that it seemed we were almost giving carte blanche to some of our directors to do whatever they wanted.

The Administrator has the ultimate and final responsibility for the expenditure of funds, and we had some concerns in that direction.

Mr. **Alvarez**. Mr. Chairman, I might add that the issue you raised in terms of the judgment of the hospital directors and the level of involvement was a major concern, I know, of Mr. Walters all along. Certainly we support your position on this. We recognized very early that, in many instances, the input and the judgment of the hospital director was not adequate at the crucial stage.

I think that was one of the primary factors leading to the proposal to reorganize and bring the Office of Construction under the Chief Medical Director, so that he could have a stronger influence in terms of solving these issues.

That is certainly one result we would like to see.

COMMITTEE SUPPORT FOR DELEGATION

Mr. **Boland**. We, on this side of the table, have been concerned about the construction of VA hospitals. The flack comes back on us as it does on the VA, too, because of the deficiencies that were pointed out not only in the Bronx Hospital but in other hospitals too. Also, because of the delays resulting from inaction by the construction section of the VA.

This is one area that is a concern of Members, not the staff. I know that some of those in the construction end of the VA feel it was our staff recommended this.

Well, you know if you sat here as long as I have and were as aware of some of the deficiencies in the construction end of the VA program, which is a billion dollar program, that this was really an idea that didn't generate specifically from the staff.

I discussed it with them, and with other Members, and they thought there ought to be a delegation of authority to those directors who appear to have the kind of expertise, interest, and ability to give some advice, and also to have some direct authority in the construction of a new or replacement facility.

Ms. LIVINGSTONE. If I might add something, I came to the VA in November of 1981, and I think it is probably quite correct that communication between the field and Central Office, and also participation of the medical centers in the construction process, was not all it probably should have been in years past. But one thing that Booz Allen and Hamilton did note in its recent study is that there have been dramatic improvements in that area over the last number of years. The field felt there were far more participation actions available to them in the construction process, both in the upfront planning and design and construction.

We have instituted procedures which assure that all significant decisions are made on site at or with the direct participation of the medical center. The medical center director participates in the selection of the architect and engineer that will be selected for that particular facility, I think the VA concurs wholeheartedly with the Committee and the Members that the medical center involvement in the construction process is critical.

I think maybe the difference may come in terms of whether we need to formally delegate for contractual and technical activities or whether the procedural changes that have been made will be sufficient to meet the needs that have been expressed.

OFFICE OF CONSTRUCTION'S POSITION ON DELEGATION

Mr. BOLAND. Let me ask Al Peter, are you happy with this delegation of authority?

Mr. ALVAREZ. Mr. Neumann is here from the Office of Construction.

Mr. NEUMANN. Frankly, no, sir.

Mr. BOLAND. How long have you been in the construction end of it?

Mr. NEUMANN. Thirty-seven years.

Mr. BOLAND. Then you ought to have pretty good expertise in this area.

Mr. NEUMANN. Yes, sir, in the field, about 15 years, and the rest here in Central Office. We feel it is very risky to put working drawing contracts and construction contracts on major work out to a facility for accomplishment.

There is limited skill and expertise at the facilities to handle this kind of work. We are dealing with the nation's largest contractors in very difficult environments.

Mr. **Alvarez**. We would provide help to them.

Mr. **Neumann**. We are very supportive of greater involvement of the medical centers in the design areas and the formulation of items such as layouts planning and in reference to the things you said to us on the Bronx. Indeed there has been a great shortfall in this area concerning local involvement in the planning area.

But once we know what is needed, translating it into bidding documents and then building it, is something that I think we should reserve for those who really know how to do it and have the long-established capability to do it.

UNOBLIGATED BALANCES IN THE CONSTRUCTION PROGRAM

Mr. **Boland**. By letter of January 3rd of this year, the VA indicated which 1985 and 1986 projects it was delegating. We have no objection to those projects. Last year, the VA estimated unobligated balances available at the end of the year at $1,073,972,000 in 1985 and $613,707,000 in 1986. The 1985 actual unobligated balance available was $1,172,142,000 and the 1986 estimate is now $1,030,485,000. Similar increases in the unobligated balances occurred last year and the year before.

The 1985 actual, and 1986 estimated, obligations and outlays are less than estimated last year. Similar slippages have also occurred last year and also the year before. The point is that the VA is not moving the construction program as rapidly as it had planned.

What about this? What is the problem you have in keeping to your obligation plan? Is the total program getting too large to manage with the personnel that you have?

Ms. **Livingstone**. Mr. Chairman, I don't believe the program is getting too large to manage. I think the increase in the unobligated balance we are experiencing now is reflective of a couple of things, one of which is we have a number of replacement/modernization projects we have just received funding on.

As we do design the first year, and construction the second, you are seeing the accumulation of very large dollar volumes on the projects. For instance, the end-of-the-year estimate for fiscal year 1987 for the unobligated balance in the major account is $404 million, which reflects a number of major awards being made in fiscal years 1986 and 1987.

We also have experienced some dramatic savings in projects because of the current economic environment such as the $22 million which we were able to convert to working reserve on the Portland project. Minneapolis came in significantly under what our original estimates had been, so there have been significant savings that were able to be made on those projects.

I think we are looking toward significant reductions in the unobligated balance by the end of fiscal year 1987.

Mr. **Boland**. You are looking for significant reductions occasioned by?

Ms. **Livingstone**. By primarily the awards for replacement modernizations that will be coming through in 1987.

TIMELY A/E AND CONSTRUCTION AWARDS

Mr. BOLAND. The 1984 Appropriation Act provided that the funds appropriated for each approved project be obligated, one, by the awarding of a working drawing contract by September 30, 1984 and, two, by the awarding of a construction contract by September 30, 1985. The 1985 and 1986 Appropriation Acts contained similar provisions.

In a letter dated February 12, 1986, the Controller General reviewed the seven construction contracts not awarded by September 30, 1985, as required by the 1984 Appropriations Act and the one working drawing contract not awarded by that same date as required by the 1985 Appropriations Act. The review found that delays in obligating funds did not constitute impoundments.

Now, do you anticipate that all major construction projects funded in 1984 and listed in the Controller General's report will go to construction awards in fiscal year 1986?

Ms. LIVINGSTONE. All except potentially one, sir, which would be the San Francisco nursing home care unit and parking garage.

Mr. BOLAND. We will discuss the San Francisco nursing home care unit a little later in reference to the parking garage. You do expect them all except that project?

Ms. LIVINGSTONE. Yes, sir, that is correct.

[CLERK'S NOTE.—Subsequently, the Veterans Administration provided the following correction:]

Three major construction projects could potentially have delayed construction award dates. In addition to the San Francisco nursing home care unit and parking garage, the 120-bed nursing home conversion project in Building 213 at West Los Angeles, and the Fire and Safety Improvements project at Livermore, California may be delayed.

The West Los Angeles project was approved by Congress in December 1985, for a scope change and may not be able to be awarded for construction until December 1986, two months into FY 1987. The construction award for the FY 1984 Livermore, California project also will slip out of FY 86 due to a major redesign. The current award date is now projected for March 1988.

Mr. BOLAND. Will all major construction projects funded in 1985 go to construction award in 1986?

Mr. NEUMANN. Sir, at this point in time, I don't think so. I think we have two or three that may be in trouble.

Mr. BOLAND. Will all major construction projects funded in 1986 go to design awards by September 30 of 1986, and construction award by September 30 of 1987?

Mr. NEUMANN. At this point in time, I think so. Schedules indicate they will.

Mr. BOLAND. And if not, can you supply for the record what major projects will not make design and/or construction award dates and why?

Mr. NEUMANN. Yes, sir.

[CLERK'S NOTE.—Subsequently, the Veterans Administration provided the following correction:]

Eleven major construction projects funded in FY 1985 will not be awarded for construction in FY 1986.

Four major construction projects funded in FY 1986 will have design awards beyond September 30, 1986 or construction awards beyond September 30, 1987.

The FY 1985 and FY 1986 projects with slipped schedules follow.

FY 1985 PROJECTS WITH CONSTRUCTION AWARDS PLANNED BEYOND FY 1986

BOSTON, MA—FIRE AND SAFETY IMPROVEMENTS

The award of the working drawing design contract was held up by the necessary development of procedures for administering delegated major construction projects. The working drawing award delay pushed the scheduled construction award beyond FY 1986.

BUFFALO, NY—RESEARCH BUILDING/CLINICAL EXPANSION

The award of the working drawing design contract was held up by the necessary development of procedures for administering delegated major construction projects. The working drawing award delay pushed the scheduled construction award beyond FY 1986.

CHEYENNE, WY—EXPAND AND RENOVATE BUILDING 1 FOR CLINICAL

A scope change is being prepared for this project which will require redesign. This will delay the construction award beyond FY 1986.

DURHAM, NC—CLINICAL ADDITION/FIRE AND SAFETY IMPROVEMENTS

The time necessary to process the cost limit increase for magnetic resonance image equipment will delay this project beyond FY 1986.

HINES, IL—40-BED LONG TERM SPINAL CORD INJURY UNIT

The award of the working drawing design contract was held up by the necessary development of procedures for administering delegated major construction projects. The working drawing award delay pushed the scheduled construction award beyond FY 1986.

LONG BEACH, CA—CONSTRUCT SUPPLY WAREHOUSE

The award of the working drawing design contract was held up by the necessary development of procedures for administering delegated major construction projects. Completion of working drawings will not allow enough time to negotiate a SBA 8(a) construction contract within FY 1986.

LYONS, NJ—RENOVATE BUILDING 4—INTERMEDIATE CARE

This was an FY 1985 delegated project which was delayed by development of delegation procedures. It has been further delayed because the first and second selected A/E's have declined to negotiate a working drawing fee within the 6% fee limitation.

OMAHA, NE—CORRECT ELECTRICAL, FIRE AND SAFETY IMPROVEMENTS

The award of the working drawing design contract was held up by the necessary development of procedures for administering delegated major construction projects. The working drawing award delay pushed the scheduled construction award beyond FY 1986.

PRESCOTT, AZ—60-BED NURSING HOME CARE UNIT

Working drawings are scheduled to be completed in June 1986. This project has been designated for 8(a) construction, and there is insufficient time to clear the award by the end of the fiscal year.

RIVERSIDE NATIONAL CEMETERY—DEVELOP 40,000 GRAVESITES AND ADMIN.

A scope change is in process for this project which will require redesign. This will delay the construction award beyond FY 1986.

SHERIDAN, WY—OUTPATIENT CLINIC ADDITION

A reduction in scope and redesign will cause the project to be delayed beyond FY 1986.

FY 1986 PROJECTS WITH A/E AWARDS BEYOND FY 1986

ALLEN PARK, MI—REPLACEMENT MODERNIZATION

Preliminary design will not be completed in time to award working drawings in FY 1986.

INDIANAPOLIS (TSD), IN—FIRE AND SAFETY IMPROVEMENT (WT & CS)

The award of the working drawing design contract was held up by the necessary development of procedures for administering delegated major construction projects. The working drawing award delay pushed the scheduled construction award beyond FY 1986.

TUCSON, AZ—120-BED NURSING HOME CARE UNIT

Lack of approval of the VA prototype has prevented the start of the working drawings. It would be impossible to complete working drawings for an award in FY 1986 if we had approval at this point in time.

FY 1986 PROJECTS WITH CONSTRUCTION AWARDS PLANNED BEYOND FY 1987

BROOKLYN (ST. ALBANS), NY—MOD KITCHEN & SATELLITE DINING

The working drawing schedule has been significantly delayed due to a change in the approved concept. The time required to complete working drawings and subsequently negotiate a SBA 8(a) project will delay the construction award beyond FY 1987.

INDIANAPOLIS (TSD), IN—FIRE AND SAFETY IMPROVEMENTS (WT & CS)

The delays in the working drawings have also affected the construction award which is now planned beyond the end of FY 1987.

TUCSON, AZ—120-BED NURSING HOME CARE UNIT

The delays in the working drawings have also affected the construction award which is now planned beyond the end of FY 1987.

REDUCTION OF PROJECTS IN NEEDS ASSESSMENT

Mr. BOLAND. The VA submitted the latest five-year Medical Facility Construction Needs Assessment on December 3rd of 1985. Which projects, if any, that were carried in the previous five year plan were dropped? You may supply that for the record.

Ms. LIVINGSTONE. Mr. Chairman, there were a significant number of projects dropped between the last year's Needs Assessment and our current 1985 Needs Assessment. We will provide a full listing for the record.

[The information follows:]

PROJECTS IN JUNE 1984 NEEDS ASSESSMENT NOT IN 1985 NEEDS ASSESSMENT

MEDICAL CENTER	PROJECT_TITLE	CURRENT ESTIMATE
ALBANY, NY	OUTPATIENT ADDITION, HVAC & ELEC IMP	32,000
ALBUQUERQUE, NM	120 BED NURSING HOME CARE UNIT	7,800
	RENOVATE REPL.MENTAL HEALTH FACILITIES(INCL SEIS.)	53,420
ALEXANDRIA, LA	120 BED NHCU REPLACEMENT	7,800
ALTOONA, PA	CENT HVAC RETURN SYS F&S IMPROV (SPRINK)	10,200
AMERICAN LAKE, WA	SEISMIC RENOV VAR BLDGS REPL BOILER PLANT	33,500
	SEIS.CLIN ADDN,CORRECT DEFIC B-81	35,000
ANN ARBOR, MI	ADDN RENOV., CLIN.,OP,RES.,PARKING&CENTRAL A C	84,150
ASHEVILLE, NC	CLINICAL IMPROVEMENTS	38,000
BATTLE CREEK, MI	HVAC:PAT PRIV:SUPP SYS,VARIOUS BLDGS	25,000
	180 BED NHCU	11,300
BAY PINES, FL	RENOV BLDG 24 FOR PSYCHIATRY	3,000
BECKLEY, WV	120 BED NURSING HOME CARE UNIT	7,800
BEDFORD, MA	RENOVATE WDS. B•4(NHCU),5,6,7,61,62	28,000
BILOXI, MS	120 BED NURSING HOME CARE UNIT	7,800
BOISE, ID	CLINICAL,WDS. 5 & 6,BACKFILL BLDGS 27 & 67	30,000
BONHAM, TX	120 BED NURSING HOME CARE UNIT	7,400
BOSTON, MA	CLIN OP EDUC ADDN,PAT PRIV,SEISMIC	230,000
BROCKTON, MA	REPLACE SCI BEDS AND MODERNIZE B 3 & 4	43,000
BROOKLYN, NY	SPD,OUTPAT,LAB,ADMIN	10,000
BUFFALO, NY	ENVIRONMENTAL IMPROVEMENTS, B•1	32,400
BUTLER, PA	SPECIAL ACTIVITIES BLDG	7,730
CANANDAIGUA, NY	HVAC & CONSTRUCT SPEC ACTIVITIES BLDG	22,000
CASTLE POINT, NY	SPINAL CORD INJURY ADDITION RENOVATION	12,000
CHARLESTON, SC	60 BED NHCU & 3RD FLR ADDN TO CLIN BLDG	7,100
CHEYENNE, WY	HVAC, PAT PRIV & SUPP SYS	6,000
CHICAGO WESTSIDE, IL	CONSTRUCT MULTI LEVEL PARKING FACILITY	5,000
CHILLICOTHE, OH	RENOVATE BLDG 212(PSYCHIATRY) PH.4	4,500
CINCINNATI, OH	ENVIRON & CLIN IMP RESEARCH & EDUCATION BLDG	36,000
	60 BED NHCU CLINICAL ADDITION	5,600
COATESVILLE, PA	120 BED NURSING HOME CARE UNIT	7,400
COLUMBIA, MO	CLINICAL,ADMINISTRATION,OUTPATIENT & RESEARCH ADDN	15,000
DALLAS, TX	RENOVATE GROUND FLR ADDL 2 FLRS RES BLDG 43	3,200
DENVER, CO	PARKING FACILITY,PROS,EDUC,ENG,FACILITY	16,000
	RESEARCH BUILDING	9,900
DUBLIN, GA	RENOVATE WARDS 10B,12A AND 12B FOR PSYCHIATRY	3,600
	120 BED NURSING HOME CARE UNIT	7,400
EAST ORANGE, NJ	CLINICAL OUTPATIENT ADDITION	90,000

PROJECTS IN JUNE 1984 NEEDS ASSESSMENT NOT IN 1985 NEEDS ASSESSMENT

(Continued)

MEDICAL CENTER	PROJECT_TITLE	CURRENT ESTIMATE
ERIE, PA	HVAC MODERNIZATION AND 60-BED NHCU	39.500
FARGO, ND	120 NURSING HOME CARE UNIT	7.800
	CENTRAL A C BLDG 1&9	7.900
FAYETTEVILLE, AR	A/C B-2&3 RENOV KITCH EXT CARE/PSYCH ADDN	13.000
	120 BED NURSING HOME CARE UNIT	7.800
FORT HARRISON, MT	CLINICAL ADDITION,HVAC & SUPP SVC	11.600
FORT LYON, CO	HVAC-CENTRAL SYSTEM	8.500
GRAND ISLAND, NE	OUTPATIENT CLINIC	3.000
GRAND JUNCTION, CO	BED ADDN,HVAC,PAT PRIV,SUPP SYS	24.000
HINES, IL	ELEVATORS BLDG 200, CENTRAL A C PLANT ,BLDG 1	9,000
HUNTINGTON, WV	120 BED NHCU & RESEARCH ADDITION	11.400
INDIANAPOLIS, IN	120 BED NURSING HOME CARE UNIT (CS)	7.800
IOWA CITY, IA	RESEARCH BUILDING/PARKING FACILITY	28.400
KANSAS CITY, MO	CLIN EXP/ELEVATORS CONST RADIATION THERAPY UNIT	23.500
	60 BED NURSING HOME CARE UNIT	5.000
KERRVILLE, TX	CLINICAL/OUTPATIENT IMPROVEMENTS	7.000
LEAVENWORTH, KS	CLINICAL ADDITION & RENOVATE BLDG 91	17,500
	120 BED NURSING HOME CARE UNIT	7,400
LEBANON, PA	60 BED NHCU	5,000
	RENOVATE BLDGS 1,2 AND 18	12,000
LINCOLN, NE	60 BED NURSING HOME CARE UNIT	4,800
LONG BEACH, CA	CLIN ADDN-SURGICAL EXPAN/RENOVATION	27.500
	STRUCTURAL SEISMIC DEFICIENCIES	5.000
LOUISVILLE, KY	120 BED NURSING HOME CARE UNIT	7,800
LYONS, NJ	RENOVATE BUILDING #53	7,000
MADISON, WI	HVAC AND PATIENT SUPPORT SYSTEMS	12.500
MARTINEZ, CA	CLINICAL ADDITION/RENOVATION	74,000
	120 BED NURSING HOME CARE UNIT	8.500
MEMPHIS, TN	SEISMIC, CLINICAL WARD RENOVATIONS	67.500
MIAMI, FL	CLINICAL ADDITION/PARKING STRUCTURE	70.000
MILWAUKEE, WI	CLINICAL IMPROVEMENT SCI BLDG WAREHOUSE ADDITION	15.000
MONTGOMERY, AL	CONSOLIDATED LAUNDRY	9.000
MONTROSE, NY	RENOVATE BLDGS 9 & 10 FOR NURSING HOME CARE	12.000
MURFREESBORO, TN	RENOVATE BUILDING 7 (PSYCH)	3.500
MUSKOGEE, OK	CLINICAL EXPANSION	10,000
NASHVILLE, TN	CLINICAL IMPROVEMENTS AND PATIENT PRIVACY	32.000
NORTHAMPTON, MA	HVAC, PATIENT PRIVACY & SUPPORT SYS, SEISMIC	54.100
OKLAHOMA CITY, OK	REPLACE OPERATING SUITE	15,100
	PARKING STRUCTURE	6.600

PROJECTS IN JUNE 1984 NEEDS ASSESSMENT NOT IN 1985 NEEDS ASSESSMENT

(Continued)

MEDICAL CENTER	PROJECT_TITLE	CURRENT ESTIMATE
PALO ALTO, CA	BED ADDN RENOVATE BLDGS 1,2,4,5	75,800
	NHCU RENOVATION/ADDITION	7,000
PERRY POINT, MD	NEW INTERMEDIATE CARE BLDG	30,000
PHOENIX, AZ	CLINICAL SERVICES ADDITION	53,500
PITTSBURGH(UD), PA	NEW PARKING FACILITY (UD)	8,500
PRESCOTT, AZ	RENOVATE WARDS,CLINICAL EXPANSION	36,000
PROVIDENCE, RI	CLINICAL/ADMINISTRATIVE ADDITION	73,850
RENO, NV	EXPAND NHCU(60 BEDS)	3,300
ROSEBURG, OR	RENOVATE BLDGS 1&2 NHCU	32,000
SAGINAW, MI	120 BED NHCU	7,800
SALT LAKE CITY, UT	REN B-1,2,EXT CARE COMPLEX,HVAC,BOILER,LAUNDRY	8,240
SAN ANTONIO, TX	CLINICAL OUTPATIENT IMPROVEMENT SCI	67,900
SAN DIEGO, CA	RENOVATE SURGERY SUITE	4,800
SAN FRANCISCO, CA	SEIS CORR & RENOV BLDGS 1,5,6,7,8,9,10,11,13,26	45,000
SEATTLE, WA	CONSTR ANIMAL RESEARCH BUILDING	3,800
SEPULVEDA, CA	NHCU,CLIN IMP BLDG,GRECC,GEU,CRC	32,000
SHERIDAN, WY	RENOV BLDG 6	3,700
	HVAC,PAT PRIV & SUPP SYS	7,600
	60 BED NURSING HOME CARE UNIT	5,000
SIOUX FALLS, SD	120 BED NURSING HOME CARE UNIT	7,800
	PATIENT PRIV RETAIN BEDS	30,000
SPOKANE, WA	CLINICAL ADDITION,RENOVATE BUILDING 1	26,000
ST. CLOUD, MN	120 BED NURSING HOME CARE UNIT	7,800
ST. LOUIS, MO	WAREHOUSE IMPROVEMENTS(JB)	6,000
	PARKING GARAGE(JC)	3,000
TAMPA, FL	CLINICAL ADDITION SCI ADDITION	89,550
TOMAH, WI	MODERNIZE BLDGS 400,402,407	16,300
	180 BED NURSING HOME CARE UNIT	11,300
TOPEKA, KS	CLINICAL ADDN	6,000
TUCSON, AZ	CONVERT BSMT B 57 TO USABLE SPACE	4,000
	MODERNIZE BED ADDITION	6,000
TUSCALOOSA, AL	RENOVATE BUILDINGS 33, 38,39, AND 40	13,800
TUSKEGEE, AL	ENCLOSE 1ST 2 FLRS,BLDG 120	4,400
	120 BED NHCU (REPLACEMENT)	7,800
WACO, TX	SPEC ACT&CANTEEN BLDG RENOVATE FOR NHCU	11,400
WALLA WALLA, WA	CLIN/BED ADDN RENOVATE B 86	31,800
WEST HAVEN, CT	CLINICAL IMPROVEMENT - RESEARCH & EDUC ADDN	16,300
WEST LOS ANGELES, CA	RENOVATE REPLACE RESEARCH BUILDINGS	30,000
	ELECTRIC COGENERATION	3,000
WICHITA, KS	INTERM PSYCH BED BLDG	11,500

PROJECTS IN JUNE 1984 NEEDS ASSESSMENT NOT IN 1985 NEEDS ASSESSMENT

(Continued)

MEDICAL CENTER	PROJECT_TITLE	CURRENT ESTIMATE
WILKES-BARRE, PA	60 BED NURSING HOME CARE UNIT (ADD FLR)	4,100
BROOKLYN, NY	SPD,OUTPAT,LAB,ADMIN	90,000
SALT LAKE CITY, UT	REN B-1,2,EXT CARE COMPLEX,HVAC,BOILER,LAUNDRY	73,360
TUCSON, AZ	MODERNIZE BED ADDITION	54,000
ALEXANDRIA, LA	200 BED DOMICILIARY (NEW RENOVATION)	11,600
BUTLER, PA	200 BED DOMICILIARY	12,000
COATESVILLE, PA	200 BED DOMICILIARY	12,000
FRESNO, CA	SUPPORT BUILDING	22,980
LYONS, NJ	200 BED DOMICILIARY	12,000
MEMPHIS, TN	PARKING GARAGE SUPPLY WAREHOUSE EXPAND & RENOVATE SPD	24,750 3,700
MIAMI, FL	WAREHOUSE EXPANSION	3,000
MONTROSE, NY	200 BED DOMICILIARY	11,600
OKLAHOMA CITY, OK	EXPAND RESEARCH ADDITION	5,800
PALO ALTO, CA	200 BED DOMICILIARY	14,000

Mrs. Boggs. Mr. Chairman, may I ask a question at this point?

Mr. Boland. Sure.

STATUS OF NEW ORLEANS PARKING STRUCTURE

Mrs. Boggs. Last year I inquired as to the status of the New Orleans Nursing home parking structure project and was advised that the funds were to be requested in the 1987 budget. I note these funds have not been requested.

This project is very important to the veteran population of our city and it is imperative due to the restrictions of space that the nursing facility be located on the top of the parking structure. There is simply no land left within the VA complex.

Why were no funds requested for this project in this year's budget?

Mr. Alvarez. Mrs. Boggs, in the 1987 budget there were no new nursing home projects in this budget as part of the overall assessment of meeting our target deficit reductions.

As we indicated what we are doing now is looking at the outyears toward general conversion of our beds and greater emphasis on our grant program in the community. But at this point, we have no nursing home projects.

Mrs. Boggs. When are you planning to request funds for the project?

Ms. Livingstone. The earliest anticipated date now, Mrs. Boggs, is fiscal year 1989 for that project. Again, that is subject to the constrained resource environment we are in and also the policy on funding of nursing home care units.

Mrs. Boggs. Do you have the proposed cost of the project?

Mr. Neary. Approximately $36 million.

Mrs. Boggs. Has preliminary planning been completed on the project?

Ms. Livingstone. No, Ma'am. I believe preliminary design is still ongoing.

Mrs. Boggs. What is the projected cost of the working drawings and when will this work be scheduled?

Mr. Falco. Usually it is ten percent, somewhere around $3.6 million.

Mr. Boland. When will this work be scheduled?

Mr. Falco. It depends upon the budget we project it for and the other things that happen relative to the policy on funding nursing homes. If we project it for the 1989 budget, we have a design fund that allows us to do working drawings the year before we schedule construction.

So it could happen as early as 1988 if, in fact, the design funding is scheduled for that project in that year.

Mrs. Boggs. Not until then.

Mr. Falco. Not until then.

Mrs. Boggs. Thank you very much.

Mrs. Boggs. Ms. Livingstone said you believed the preliminary plan would be completed. Could you provide that for the record?

Ms. Livingstone. I would be pleased to. This project has been delegated to the medical center and I did receive a listing of those projects which had completed preliminaries. That project was not listed on that, so it still must be going through the preliminary drawings stage.

Mrs. **Boggs**. Could you give us a specific answer, please?

Ms. **Livingstone**. Yes, I would be pleased to.

[The information follows:]

New Orleans Nursing Home and Parking Structure

This project has been delegated to the medical center for accomplishment. Our review of the project indicates that preliminaries were essentially completed in November 1985. Several minor items are still being resolved. Final completion of preliminary drawings is expected by the end of March 1986.

PROJECTS NOT FUNDED IN FY 1986 AND 1987 NEEDS ASSESSMENT

Mr. **Boland**. Which projects planned for 1986 and 1987 in the most recent five-year-plan have not been funded, or are not now requested for funding?

Also, what is the dollar amount of 1986 and 1987 projects in the five-year construction plan which are neither funded nor have funding requests in 1987? Which projects carried in the latest five-year-plan slipped a year or more from the five-year construction plan submitted on June 29, 1984, and what is the reason for that slippage?

You may provide that for the record.

[The information follows:]

Funding Deviations From Needs Assessment

All of the projects which appear in the FY 1986—FY 1990 Five Year Medical Facility Construction Needs Assessment as FY 1986 were funded in that year. Of the projects listed for FY 1987 in the Needs Assessment, the following projects are not included in the FY 1987 Budget Request:

Tampa, Florida, 120-Bed Nursing Home Care Unit.
Palm Beach, Florida, New VAMC, Patient, Nursing Home Care Building (Des).
Hampton, Virginia, 112-Bed Nursing Home Care Addition.
Mountain Home, Tennessee, 120-Bed Nursing Home Care Unit.
Marion, Indiana, 240-Bed Nursing Home Care Unit.
Knoxville, Iowa, Laundry Replacement.
Huntington, West Virginia, Clinical Improvement Addition.
Salt Lake City, Utah, 30-Bed SCI Center, Canteen.
Pittsburgh (Asp), Pennsylvania, Replacement VA Medical Center.
New York, New York, Outpatient, Clinical Addition, Alteration.
Atlanta, Georgia, Clinical Addition, Parking Garage and Seismic Strengthening.

The dollar amount in the Five Year Needs Assessment for projects which are neither funded nor have funding requests in 1987 is $197,100,000.

The following list represents those projects which have been deferred one year or more between the June 1984 and December 1985 Needs Assessment. These projects were deferred based upon budget constraints as well as the application of the prioritization methodology.

Medical center and project	June 1984	December 1985
Allen Park, MI:		
Replacement modernization (des)	1985	1986
Replacement modernization (con)	1987	1989
Asheville, NC, 120 bed nursing home care unit	1987	1988
Atlanta, GA, clinical add, park gar & seismic sign	1986	1988
Augusta, GA, renovate b 76 (ud) 28 bed sci (dd)	1989	1990
Batavia, NY, correct seismic, A C & remodel wards A E	1987	1988
Beckley, WV, clinical addition & alterations	1986	1988
Boston, MA, clin of educ addn. pat priv. seismic (des)	1987	1990

Medical center and project	June 1984	December 1985
Cheyenne, WY, 120 bed nursing home care unit	1986	1990
Coatesville, PA, consolidate outpatient space	1988	1989
Dallas, TX:		
Clin addn renv bldg 2 & sci center (des)	1986	1988
Clin addn. renev. bldg 2 & sci center (con)	1987	1989
Des Moines, IA, clincal & education addn	1988	1990
Dublin, GA, outpatient clinic addn	1987	1988
Durham, NC, parking garage	1986	1988
Fayetteville, NC, 120 bed nursing home care unit	1987	1988
Ft. Harrison, MI, 60 bed nursing home care unit	1988	1990
Ft. Wayne, IN, 120 bed nursing home care unit	1986	1989
Gainsville, FL:		
290 bed psychiatric bldg (des)	1986	1988
290 bed psychiatric bldg (con)	1987	1989
Hampton, VA, thereapeutic & dom outp building	1989	1990
Hines, IL, rearrange nuclear med suv g 2 b & 1	1988	1990
Honolulu, HI:		
Remodel E wing. trip army hos. ph 1 11 (des)	1987	1989
Remodel E, wing. tripl. army hos (con)	1988	1990
Indianapolis, IN, research building	1988	1990
Lake City, FL, 120 bed nhcu (add)	1987	1989
Lyons, NJ, renovate bldgs 55, 56, & 58	1989	1990
Marion, IL, clinical outpatient addition	1988	1989
Marion, IN, 240 bed nhcu	1986	1987
Martinsburg, WV, laundry replacement	1986	1988
Montgomery, AL, outpatient and ware renovations	1986	1988
Montrose, NY, new laundry	1988	1990
Mt. Home, TN, renovate domiciliary	1989	1990
Muskogee, OK, nursing units remov expand	1987	1990
New Orleans, LA, 120 bed nhcu park sruct	1987	1989
New York, NY, replace medical gas system	1989	1990
N. Chicago, IL, environmental improvements	1987	1988
Northport, NY, mod. psychiatric & outpatient facil	1987	1990
Omaha, NE, education & research add	1986	1990
Perry Point, MD, clinical addn bldg 23h	1986	1988
Pittsburgh (UD). PA, replace. medical center (ASP div.)	1986	1988
Prescott, AZ, replace domiciliary	1987	1989
Reno, NV, clinical bed addition	1987	1988
Salem, VA, renovate psych bldgs 9, 10, & 11	1988	1990
Salisbury, NC, 240 bed nhcu	1988	1989
Salt Lake City, UT, 30 bed, sci unit and canteen	1986	1987
St. Louis remodel bldg 53 (jb)	1987	1986
Syracuse, NY, parking structure	1986	1988
W. Los Angeles, CA, laundry replacement	1986	1989
White River Jct, VT:		
Research & replacement	1986	1987
Replace boilers	1989	1990
Wilkes Barre, PA, Medical center modern	1987	1990
Wilmington, DE, clinical addition	1986	1988

Mr. **Boland**. Last year, the VA indicated there were 21 construction projects planned for 1985 and 1986 in the five-year needs assessment that were not funded or did not have a request for funding. That is all reflected on pages 134 and 135 of last year's hearings.

Some of these projects were funded in 1986 or have funds requested in 1987. Which of those 21 projects are still not funded or do not have funds requested and why? You may provide that information for the record.

[The information follows:]

UNFUNDED PROJECTS

The following list represents those projects indicated on pages 134 and 135 of last year hearing's which are still not funded or do not have funds requested:

Atlanta, Georgia, Clinical Addition.
Beckley, West Virginia, Clinical Addition and Alterations.
Oklahoma City, Oklahoma, Correct Operating Suite Deficiencies.
Perry Point, Maryland, Clinical Addition Building 23H.
Salt Lake City, Utah, 30-Bed Spinal Cord Injury Center.
Wilmington, Delaware, Clinical Addition.
Omaha, Nebraska, Education/Research Addition.
Martinsburg, West Virginia, Replace Laundry Building.
Cheyenne, Wyoming, Replace and Expand Nursing Home Care Unit.
Fort Wayne, Indiana, 120-Bed Nursing Home Care Unit.
Marion, Indiana, 240-Bed Nursing Home Care Unit.
Martinez, California, 120-Bed Nursing Home Care Unit.
St. Cloud, Minnesota, 120-Bed Nursing Home Care Unit.
Montgomery, Alabama, Outpatient Clinic Addition.
Dallas, Texas, Clinical Addition/Renovate Building 2 and SCI Center.
Gainesville, Florida, Clinical Expansion and 290-Bed Psychiatric Building.
New York, New York, Outpatient/Clinical Addition and Alterations.
Pittsburgh, Pennsylvania, Replacement/Modernization.

These projects were deferred based upon budget constraints as well as applications of the prioritization methodology.

ALLEN PARK REPLACEMENT HOSPITAL

Mr. BOLAND. In 1986, Congress appropriated $26,760,000 for the replacement and modernization of the hospital at Allen Park. That amount has been reduced by $837,000 because of the Balanced Budget and Emergency Deficit Control Act of 1985.

When will the Administrator make a decision regarding Allen Park?

Ms. LIVINGSTONE. Mr. Chairman, right now the record of decision on the environmental impact statement is scheduled for May of 1986. We are waiting a determination by the Department of Medicine and Surgery selecting which of the seven alternatives that have been explored is their preferred alternative.

Mr. BOLAND. Last year, the total estimated cost of the Allen Park construction was $194.6 million. The Five-Year Medical Facilities Construction Needs Assessment sent to the Committee on December 3, 1985, shows the total cost to be $198,650,000. The spreadsheet on page 13-38 shows a total estimated cost for the Allen Park project now to be $292 million. Is the $292 million total estimated cost for Allen Park in error?

Ms. LIVINGSTONE. No, sir, it is not. That reflects a new option that was considered beginning last year which is a split facility option which would entail a brand new hospital in downtown Detroit as well as a possible extended care and psychiatric beds facility at Allen Park.

The $292 million estimate reflects a split facility concept.

Mr. BOLAND. As a result of that split, it was increased by over $100 million?

Ms. LIVINGSTONE. It would be also increasing the number of beds at Allen Park in terms of psychiatric and nursing home care.

NEW YORK CITY REPLACEMENT HOSPITAL

Mr. BOLAND. In 1985, $17.7 million was provided for the design of the outpatient and clinical addition project in New York City. The

VA requested $76.6 million from OMB for that project in 1987. Why was the request for construction funds for the New York City project denied?

Do you have any idea what OMB's rationale was?

Ms. LIVINGSTONE. In terms of the fiscal year 1987 request, it was constrained resources, the decision was based on the ability to fund a certain number of replacement modernization projects.

Mr. BOLAND. Have working drawings been completed on this project?

Ms. LIVINGSTONE. Yes, they have been completed.

Mr. NEUMANN. Next is start of construction. We are doing some of the early site preparation work for construction which is funded.

Mr. BOLAND. Let me ask, when could a construction award for this project be made?

Mr. FOTE. If we get the funds in 1988, of course, the earliest for the first phase would be for October of 1987. Prior to that, we have an earlier contract to relocate the front entrance but we would not do that until we got a commitment that we have 1988 funds to do the clinic; that is why we are delaying the entrance relocation.

Mr. BOLAND. Could you meet it sooner if we fund it in 1987?

Mr. FOTE. Yes.

MEETING VETERANS' NEEDS IN EL PASO, TX

Mr. BOLAND. All right. Last fall the report accompanying the Continuing Resolution contained a statement about inpatient needs of veterans in the El Paso area. The Committee directed the VA to expedite the development of recommendations resulting from the analysis of the need for an inpatient facility in the El Paso area.

When do you expect such recommendations will be developed?

Mr. ALVAREZ. I don't think we could answer that right now. We would have to supply that for the record, Mr. Chairman.

[The information follows:]

EL PASO, TEXAS

An economic analysis of the health care requirements of veterans in the El Paso, Texas, Primary Service Area has been initiated. We anticipate the completion of this study by August of this year. Based on the results of the study, a joint venture with DOD health care facilities, especially William Beaumont Hospital at Fort Bliss Army Base, would be investigated.

Dr. DITZLER. Mr. Chairman, one of the reasons relating to the delay is the question whether the Army will decide to increase its beds. We are actively trying to consider that as a joint option as well.

Mr. BOLAND. So really the option is the reason for the delay.

Dr. DITZLER. Yes, the option.

VA-AIR FORCE JOINT PROJECT AT LAS VEGAS, NV

Mr. BOLAND. What about Las Vegas? As I understand it, the Air Force and the VA are considering a joint project at Las Vegas. Is that correct?

Dr. DITZLER. It is an Air Force hospital. We would propose to pay for the construction of about 50 beds of the Air Force hospital.

Mr. **Boland**. Do you have plans for a joint venture with the Air Force, sir?

Dr. **Ditzler**. We do. It has not yet reached the area of funding within the Air Force mechanism.

Mr. **Boland**. Do you have any idea when you might request funds for the project?

Dr. **Ditzler**. As soon as the Air Force gets there.

Mr. **Neumann**. In our needs assessment, we projected the fiscal year 1989 as $7 million.

OUTPATIENT CLINIC, CROWN POINT, IN

Mr. **Boland**. The VA has approved an outpatient clinic in northwest Indiana. As I understand it, the clinic will be in the Crown Point area. Is that correct?

Dr. **Ditzler**. That is correct.

Mr. **Boland**. What is the status of that outpatient clinic?

Ms. **Livingstone**. Mr. Chairman, we are currently receiving best and final offers in response to our solicitation and we hope to make an award in April of 1986 with activation estimated in November 1987.

PALM BEACH, FL PROJECT

Mr. **Boland**. You requested $10 million for site acquisition in Palm Beach, Florida. The total project is estimated to cost $138 million. That $10 million was denied, wasn't it, by OMB?

Ms. **Livingstone**. That is correct. Our request was not accepted.

Mr. **Boland**. Any idea what the rationale was of OMB?

Ms. **Livingstone**. Again, I believe it was the constrained resource environment and also that would have represented a new expansion program when we were meeting existing needs of existing facilities.

Mr. **Boland**. Is there a specific area in Palm Beach area where you have been looking at the site?

Ms. **Livingstone**. We are looking at five different sites in the Palm Beach County area and the environmental impact statement process is currently ongoing.

Mr. **Boland**. When might you make a decision on a specific site?

Ms. **Livingstone**. In September of 1986. This fall.

NORTHERN CALIFORNIA NATIONAL CEMETERY

Mr. **Boland**. Last year the Committee deleted $6 million requested for the National Cemetery in Northern California. The funds were deleted because this was a lower priority project and because the land for the cemetery was going to be donated. What is the status of this cemetery project now?

Mr. **Alvarez**. Mr. Chairman, the property is being donated. Mr. Hamerschlag can fill us in on that, but we are going ahead and developing that property.

Mr. **Boland**. Has it been transferred to the VA?

Mr. **Hamerschlag**. No, sir. We are in the process of hiring an A/E to do the environmental impact statement. Until that statement is completed and accepted, we cannot actually accept the land.

Mr. **Boland**. Do you have any idea when that might be? The next question is, when do you estimate the preliminary planning at the cemetery will begin?

Mr. **Hamerschlag**. The EIS should be completed in April or May of 1987. From there the preliminary plans should start sometime in fiscal year 1988.

Mr. **Boland**. Let me ask you, do you have funds for preliminary planning for the cemetery now or do you need an appropriation?

Mr. **Hamerschlag**. We have sufficient funds for the preliminary work as a carry over from prior years.

Mr. **Boland**. When would working drawings begin?

Mr. **Hamerschlag**. Working drawings should begin late in fiscal year 1988 or early 1989.

Mr. **Boland**. Any idea when the construction would be started?

Mr. **Hamerschlag**. Construction should start January of 1990 and the cemetery should be open in April or May of 1991.

SAN FRANCISCO, CA NURSING HOME CARE UNIT

Mr. **Boland**. With respect to the San Francisco nursing home, on February 5th, the Administrator wrote a letter to the Committee regarding the San Francisco nursing care unit and parking project. It appears the Park Service does not intend to lease three acres in the East Fort Miley area, as Mr. Seiberling, who chairs the Interior and Insular Affairs Subcommittee on Public Parks, had recommended.

There appears to be no easy resolution to this matter. The Congress appropriated $14.7 million for this 120-bed nursing home care unit and parking garage project. What would you think of cancelling the project at San Francisco and building a 120-bed nursing home unit at another VA hospital in the San Francisco area like Palo Alto or Martinez?

Dr. **Ditzler**. I wouldn't desire to, but without a garage I will have to.

Mr. **Boland**. You don't think much of that suggestion then?

Dr. **Ditzler**. We have struggled valiantly to get the Park Service land and that has failed. We just don't believe that it would be rational to ask patients to go to that nursing home or hospital unless we have some parking space.

So I think the only rational way to handle it is to simply not build a nursing home there and use more valuable land if we can't solve the parking issue.

Mr. **Boland**. It is not going to be solved with the $250,000 to pave the Park Service land for the 225 parking spaces, is it?

Dr. **Ditzler**. This is a non-renewable situation in which they say they will not renew after five years. So, even if I paved the land now, the Park Service seems very adamant that it will not be a renewable lease.

Ms. **Livingstone**. Mr. Chairman, I would like to note we do have a number of cars parked on that land now and our lease expires on April 30. It is unclear to us whether the Park Service will be willing to even negotiate a five-year non-renewable lease without us meeting the condition of paving and improving on that lot.

Mr. **Boland**. Let's see if we can't clear that one up for you. We hope to get you some sort of response to that request in the near future.

CONSTRUCTION BIDS AT PITTSBURGH

Mr. **Boland**. Bids for a project at Pittsburgh were opened on January 9, 1986. The Government's estimate was $27,450,000 plus $2,500,000 for asbestos removal. The three bids were, one, $40,858,000, plus $5 million for asbestos removal; two, $43,850,000 plus $2.5 million for asbestos removal; and three, $44,495,000 plus $3.4 million for asbestos removal. All of these are well above, at least 13 million to 20 million above, the Government's estimate.

Of course, you don't have sufficient funds to award a contract based on these bids. Why is there such a difference between the bids and the VA's estimate?

Ms. **Livingstone**. Mr. Chairman, in recent months we have been experiencing some very broad fluctuations in the market. Some of the projects are coming in right on the money. A few of them are coming in under the money, although that is more and more infrequent, and a few of them like Pittsburgh and also in Castle Point, where we have had a similar situation, have been completely out of sync with what the Government's estimate was.

I think it is reflective probably of the upsurge in the construction market right now, and also of the difficulty the VA is experiencing right now in projecting based on historical trends, because of the changes in today's market.

Mr. **Boland**. Is everything that high in Pennsylvania?

Mr. **Coughlin**. Not yet, we hope.

Ms. **Livingstone**. Philadelphia came in right on the money, I would note.

Mr. **Boland**. What are you going to do about awarding a contract for this project? Ask for more money?

Ms. **Livingstone**. We probably will have to come forward with a request. We received only three bids on this project; we cancelled the bids.

We are going to go back and see if there are things we can redesign. We may try a reduction in scope as well, and come forward with that. Even within those parameters, we may need to come forward with a request for a cost limit increase on the project.

Mr. **Boland**. I take it you can dip into the working reserve for funding for this kind of project for additional funds, can't you?

Ms. **Livingstone**. Yes, sir, we can as long as funds are available.

CONSTRUCTION PRIORITIZATION METHODOLOGY

Mr. **Boland**. Now, you have developed a new prioritization methodology. That is a word that scares me a bit. What sort of a methodology is this?

Mr. **Neary**. Mr. Chairman, the methodology is one which relies on weighted factors, factors which we consider to be the more important factors in evaluating the importance of a construction project and a series of score producing questions. We use those questions to deal in a rather formalized way with data and also attempt to bring some objectivity out of questions which are by nature subjective.

We interview a variety of people independently and we meld their answers together to produce a score; the higher the score the higher the priority.

PRIORITIZATION OF FY 1986 PROJECTS

Mr. **Boland**. Will you provide for the record a prioritization of the major construction projects funded in 1986 based on this new methodology?

Mr. **Neary**. Yes, sir.

Mr. **Boland**. Do you have many of them?

Mr. **Neary**. At the conclusion of developing the methodology, we prioritized our 1986 budget, which was here at the time, so we have that available.

[The information follows:]

Prioritized listing of fiscal year 1986 major projects VAMC and project title

	Final score
Indianapolis, IN, fire/safety improvements (WT/CS)	17.40
Cleveland (WP), OH, fire/safety improvements	16.92
Jackson, MS, install fire sprinklers	16.89
Cleveland (BR), OH, fire/safety improvements	16.78
Hines, IL, 180-bed psychiatric replacement facility	16.04
Tucson, AZ, 120-bed nursing home care unit	14.82
Knoxville, IA, fire/safety improvements	14.64
Chicago (WS), IL, fire/safety and patient privacy improvements	13.97
Houston, TX, replacement and modernization	12.96
Topeka, KS, fire/safety improvements and patient privacy	12.71
Mountain Home, TN, bed towers and renovation	12.49
Allen Park, MI, replacement and modernization (des)	12.32
Hampton, VA, electrical system moderinzation	12.26
Amarillo, TX, 120-bed nursing home care unit	12.20
Philadelphia, PA, clinical addition renovation/nursing home care unit/parking	12.09
Togus, ME, clinical improvements, bldg, 200	11.78
Temple, TX, 408-bed replacement domiciliary	11.26
Tomah, WI, modernize bldgs. 403, 404	11.09
St. Louis, MO, remodel bldg. 53 (JB)	11.05
Poplar Bluff, MO, electrical distribution system improvements	10.71
Coatesville, PA, new kitchen and dining hall	10.00
Chicago (WS), IL, renovation of bldgs. 11A, 11B, phase 2	9.82
Milwaukee, WI, renovate bldgs. 43 for domiciliary	9.69
Lyons, NJ, renovate bldgs. 7, 57	9.53
Brooklyn (St. Albans. Division), NY, modernize kitchen and statellite dining areas	9.25
Long Beach, CA, upgrade secondary electrical distribution	8.99
Big Spring, TX, renovate surgery	7.86
Durham, NC, boiler replacement	7.68
San Diego, CA, nonstructural seismic corrections	4.00
St. Louis, MO, seismic corrections (JB)	2.93

PRIORITIZATION OF 1987 PROJECTS

Mr. **Boland**. Do the same thing for the major construction projects requested by the Administration for 1987 and the major construction projects requested for 1987 by the VA.

[The information follows:]

PRIORITY SCORES OF PROJECTS IN FISCAL YEAR 1987 BUDGET (PLUS PROJECTS INCLUDED IN OMB SUBMISSION)

VAMC and project	Final score	Fiscal year 1987 budget submission
Tampa, FL, 120-bed NHCU	19	
Palm Beach, FL, New VAMC, Pt. NHC building (design)	18.5	
Hampton, VA, 112-bed NHCU addition	16.97	
Milwaukee, WI, fire/safety improvements	16.87	X
Mt. Home, TN, 120-bed NHCU	16.76	
Marion, IN, 240-bed NHCU	16.34	
Asheville, NC, 120-bed NHCU	16.21	
Salt Lake City, UT, electrical distribution	15.94	X
Waco, TX, renovate buildings 10 and 90	15.43	X
Fayetteville, NC, 120-bed NHCU	15.17	
Salisbury, NC, 180-bed geropsychiatric building	15.12	X
North Chicago, IL, 120-bed NHCU	14.75	X
Salem, VA, OP, clinical, nursing unit addition	14.54	X
Knoxville, IA, laundry replacement	14.18	
North Chicago, IL, environmental improvement (design)	13.28	X
Baltimore, MD, Repl. medical center	13.26	X
Huntington, WV, clinical improvement addition	13.14	
Augusta, GA, replacement medical center	13.02	X
Salt Lake City, UT, 30-bed SCI and canteen	12.71	
Dayton, OH, bed addition/renovation (design)	12.52	X
Martinsburg, WV, laundry replacement	12.49	
Pittsburgh, PA, replacement medical center (design)	12.36	
Wilmington, DE, clinical addition	12.28	
Montgomery, AL, outpatient ward renovations	12.07	
New York, NY, outpatient clinical addition/renovation	11.49	
Atlanta, GA, clinical, pkg., seismic (design)	11.67	
Dallas, TX, clinical addition, renovate SCI (design)	11.29	
White River JCT., VT, research and education building	8.43	X

NURSING HOME CARE UNIT PROTOTYPE

Mr. BOLAND. Now, the VA has been developing a nursing home care unit prototype. The prototype is to save time and money in the construction of nursing home care units. Last year, Ms. Livingstone, you indicated that the computer-aided design system had just been delivered.

Ms. LIVINGSTONE. Yes, sir.

Mr. BOLAND. Has the prototype been fully developed?

Ms. LIVINGSTONE. The machinery has been delivered, and training of our personnel on that machinery has been ongoing. However, the nursing home care prototype has been placed on hold pending some redesign that has to be made on that particular prototype.

Mr. BOLAND. How much money was obligated for the nursing home care unit prototype?

Ms. LIVINGSTONE. About $1.1 million for the contract for full development of that.

Mr. BOLAND. What do you intend to do with these nursing home unit prototypes?

Ms. LIVINGSTONE. In the nursing home care unit? If we receive funding, we will be applying that prototype to those projects. The payback is good, quite good. So, if we have one or two funded in that year, we still achieve a very positive cost/benefit analysis.

Mr. **Boland**. The feedback in the field is good?

Ms. **Livingstone**. The prototype itself is still undergoing some final design revisions. The Field Advisory Council of the Department of Medicine and Surgery made some recommended changes and we are now in the process of transmitting that to the Acting Administrator for approval.

PURCHASE AND HIRE FTEE

Mr. **Boland**. On page 13-1, you indicate 49 purchase and hire average employment in 1985. Last year you indicated 30 purchase and hire average employment in 1985. Why the increase in purchase and hire average employment in 1985?

Mr. **Neumann**. Mr. Chairman, I think it varies quite a bit over the years if we would look back.

Mr. **Boland**. I take it these are consultants?

Mr. **Neumann**. No, sir. They are daily labor.

Mr. **Boland**. What do they do?

Mr. **Neumann**. They are craftsmen and laborers. They are intermittent employees.

Mr. **Boland**. For how long a period of time do you hire them?

Mr. **Neumann**. For short periods of time during some smaller projects. They are only used in our minor jobs or cleaning up loose ends on major projects. You will see there are some in each appropriation, minor and major.

Ms. **Livingstone**. This allows the medical center, if it has a small construction job, not to have to advertise, but to go down to the local union hall or elsewhere and hire local laborers to fix a plumbing deficiency or paint a hallway or whatever.

Mr. **Neumann**. They are paid from the construction dollars, not from the administrative dollars.

UNOBLIGATED FY 1986 DESIGN FUNDS

Mr. **Boland**. On 13-4, you show a minus $8 million for fiscal year 1986 design fund. What happens to the balance of the funds appropriated for the design fund in 1986?

Ms. **Livingstone**. Mr. Chairman, the $15 million that was appropriated for the 1986 design fund was reduced to $14.5 million as a result of Gramm-Rudman. We are using only $8 million at this point. Part of the money may be used for future projects or could be returned to the working reserve or could be used as an offset of other needs as well.

FY 1987 PROJECTS CONTAINING PARKING

Mr. **Boland**. Last year we had a concern over some of the parking areas; we indicated that parking areas were of low priority. The fiscal year 1987 budget includes funds for parking facilities in projects in Augusta, Baltimore, Dayton, North Chicago, Salem and Salisbury and Kookamunga. How much of the total cost is for the parking portion in each 1987 major construction project?

Do you want to supply that for the record?

Ms. **Livingstone**. I can provide it now or give it to you for the record.

Mr. **Boland**. Give it for the record.

[The information follows:]

FY 1987 Parking Facilities

The following indicates the projects cited for parking and the cost for parking out of the total estimated cost of the project.

Augusta, GA.—Replacement Medical Center—$730,000 out of the total estimated project cost of $97,000,000 for 920 spaces.

Baltimore, MD.—Replacement Medical Center—$10,000,000 out of the total estimated project cost of $121,000,000 for 674 spaces.

Dayton, OH.—Replacement and Modernization—$300,000 out of the total estimated project cost of $84,000,000 for 223 spaces.

North Chicago, IL.—Environmental Improvements, Patient and Nursing Home Care Buildings—$430,000 out of the total estimated project cost of $92,000,000 for 196 additional parking spaces (238 spaces to be lost, 22 parking spaces will be relocated for handicapped parking spaces).

Salem, VA.—Outpatient, Clinical and Nursing Home Care Unit Addition—$310,000 out of the total estimated project cost of $66,300,000 for 416 new parking spaces and proposed continued use of 740 spaces (402 parking spaces to be lost due to construction, and 266 spaces will become inaccessible due to centralization of activities around the new addition).

Salisbury, NC.—Geropsychiatric Building—$120,000 out of the total estimated project cost of $19,000,000 for a total of 138 parking spaces.

Mr. **Boland**. You don't have Kookamunga, do you?

Dr. **Gronvall**. They are working on that this afternoon, actually.

CHARGING OF PARKING FEES

Mr. **Boland**. Of course, you wouldn't build a hospital unless you have parking spaces, and the shortage of parking at VA's hospitals impacts patients and employees. I guess in times of tight budgets, providing employee parking is a lower priority.

Title 38 of the U.S. Code, section 5009A, gives the VA authority to charge parking fees in contract for the operation of parking facilities. Have you ever used this authority?

Dr. **Ditzler**. Yes, we have.

Mr. **Boland**. Are you using it now?

Dr. **Ditzler**. I believe two of our facilities do.

Ms. **Livingstone**. Mr. Chairman, that authority, though, is not exercised.

Mr. **Boland**. What do you think of it?

Dr. **Ditzler**. I don't have any problem with it. I think our concern is relative to a prior administration and the concession to the group of employees who protested against it. So I think, in part, we have some potential legal concerns as to how far we go with it.

Mr. **Boland**. Did I understand you to say that you are actually charging for parking in some areas?

Dr. **Ditzler**. We are charging, I believe, in two hospitals, Des Moines, Iowa—

Ms. **Livingstone**. Iowa, City and Memphis, I believe.

Mr. **Boland**. What do they pay?

Ms. **Livingstone**. I would have to provide this for the record. The Memphis project was based on an old Bureau of the Budget parking agreement that the VA signed a number of years ago and the cost for space was very low.

[The information follows:]

EMPLOYEE PARKING FEES

The employees pay $2.25 per pay period (two weeks) at VAMC Memphis. The payment at VAMC Iowa City is either $1.85 per pay period at the University of Iowa parking facility or $2.31 per pay period on VA land.

AUGUSTA, GA REPLACEMENT MEDICAL CENTER

Mr. **BOLAND**. To replace the medical center at Augusta, you are requesting $84,600,000. Have the working drawings been completed?

Mr. **FOTE**. They will be in August.

Mr. **BOLAND**. When do you estimate this project will go to construction?

Ms. **LIVINGSTONE**. Site development was awarded in August of 1985. The main hospital award is to be awarded this fall.

BALTIMORE, MD REPLACEMENT MEDICAL CENTER

Mr. **BOLAND**. You have requested $110,200,000 to replace the medical center at Baltimore in 1987. On page 13-12, you indicate that the VA will complete an update of original design drawings by April 15 of 1987. When do you estimate the construction award will be made?

Ms. **LIVINGSTONE**. Approximately July of 1987.

DAYTON, OH REPLACEMENT MEDICAL CENTER

Mr. **BOLAND**. You are requesting $8,400,000 for a bed replacement and modernization project at Dayton. The funds requested are for design only. On page 13-14, you indicate you expect to complete preliminary plans on August 20, 1986.

Why are you requesting design funds for this project before the preliminary plans are completed?

Ms. **LIVINGSTONE**. Mr. Chairman, on the replacement/modernization projects we frequently do that because of the magnitude of the project. In this case preliminary plans will be completed by October 1986.

We felt we had a very good handle on the estimate for that project. This would enable us to make the working drawing award in fiscal 1987 rather than waiting for future fiscal year 1988 funds.

Mr. **BOLAND**. When do you estimate being able to make the design contract award?

Ms. **LIVINGSTONE**. In December 1986.

Mr. **BOLAND**. Why was Dayton funded in 1987 and Dallas, a project on a list of ten facilities most in need of modernization, not funded?

Mr. **ALVAREZ**. That is due to our prioritization methodology.

Mr. **NEARY**. As we evaluated those two projects and others, Mr. Chairman, using our new methodology, the Dayton project received a higher score. Managerially we also judged that to be the case.

SALEM, VA CONSTRUCTION PROJECT

Mr. BOLAND. The VA is requesting $66,300,000 for an outpatient, clinical and nursing unit project at Salem, Virginia. When will the working drawings for this project be completed?

Mr. FOTE. I am not sure.

Mr. BOLAND. Will you supply that for the record?

[The information follows:]

SALEM, VIRGINIA OUTPATIENT, CLINICAL AND NURSING UNIT ADDITION

Working drawings are expected to be completed in June, 1986.

NEED FOR PROJECT AT WACO, TX

Mr. BOLAND. The VA is requesting $9,700,000 to renovate buildings 9 and 10 at Waco, Texas. Why did OMB add this project to the 1987 request? As I understand it, the VA did not originally request funds for this project in 1987.

Ms. LIVINGSTONE. The VA requested this as a high priority project. It reflects a cancellation of a previous project and a combination of a number of fire and safety and very critical needs at that medical center so it was a project we have much needed.

Mr. BOLAND. Did you actually make a request for it in 1987?

Ms. LIVINGSTONE. Yes, we did.

Mr. BOLAND. Have the preliminary plans been completed?

Ms. LIVINGSTONE. The preliminary plans have not been completed at this time. We are doing them in-house, and we are scheduled for completion in May of 1986.

Mr. BOLAND. I guess it is not usually that you request funding before preliminary plans are completed. That is not usual, is it?

Ms. LIVINGSTONE. The only time it might occur would be in a replacement/modernization project. In the case of Waco, we made an exception because of the critical nature of the project. It reflects a project for which we had received previous funding. We terminated that contract and reported it as cancelled in this fiscal year 1987 budget.

This is a new project to meet those needs in an expanded manner.

Mr. BOLAND. As I understand it, you have included ten percent for contingency and ten percent for technical services instead of the usual 7.5 percent. Is there a reason for that?

Ms. LIVINGSTONE. Contingencies are normally 7.5 percent if it is renovation and five percent if it is new construction. At this time, because of the fact the preliminary plans are not completed, we used a magnitude estimate of 10 percent.

WILKES-BARRE, PA NURSING HOME CARE UNIT

Mr. BOLAND. The 1984 conference report directed the VA to proceed with the design of a 60-bed nursing home care unit in Wilkes Barre, and the research and education building at White River Junction in 1986. It was anticipated that funds for construction of both projects would be included in the fiscal year 1987 budget request for major construction.

The VA is requesting $9.3 million for the research and education building at White River Junction in 1987. Why wasn't there a request for the 60-bed nursing home care at Wilkes-Barre?

Ms. **Livingstone**. Mr. Chairman, at this point a new nursing home care unit cannot be requested because of fiscal year 1987 budget confines. Also, we were not scheduled to begin preliminaries until this April and they would not have been finished until October of 1986.

Given the other priorities of our nursing home care requests, this project was not one of those we requested of OMB.

WHITE RIVER JUNCTION, VT

Mr. **Boland**. When will the design for the research and education building at White River Junction be completed?

Mr. **Fote**. December of 1986, we are showing completion of working drawings.

Mr. **Boland**. What about the construction award at White River Junction?

Mr. **Fote**. May of 1987.

Mr. **Boland**. When will the design of the Wilkes-Barre project be completed?

Ms. **Livingstone**. We anticipate starting December, 1986 using design fund monies as directed.

VAMC PHILADELPHIA, PA

Mr. **Coughlin**. Mr. Chairman, before we go on to other matters, just let me, if I might, bring up the question of the Philadelphia Hospital.

In fiscal year 1986, the appropriations bill contained $101,600,000 for a clinical addition, renovation, and a 240 bed nursing home care unit in Philadelphia. The project cost was $119,300,000, of which $17,700,000 had been already appropriated. Has this been affected by Gramm-Rudman in any way?

Ms. **Livingstone**. Yes, sir. The Philadelphia project was reduced as a result of Gramm-Rudman. You may recall this was authorized to go forward with the construction of parking facilities, but funding for it was not added to the appropriation, so the overall project from our original estimate is reduced about $11 million at this point.

Mr. **Coughlin**. And how will that affect the project construction schedule?

Ms. **Livingstone**. The construction schedule is on target and we are moving forward with design. We may need to make changes in order to accomplish this project within the available funds now. Some of the options we are considering would be to reduce parking that was planned at 914 spaces down to five or six hundred spaces.

We are going to re-phase the project in terms of some of the renovations that were planned and we will be doing minimal renovation and doing the remainder in Phase IV and bidding it separately if we have the money available.

Mr. **Coughlin**. As you indicated, it was indicated that the funds were reduced by $8,800,000, but they said the garage could be built within available funds and you feel that can be done, but you have cut down the size of the parking facility.

Ms. LIVINGSTONE. We may need to reduce the number of parking spaces. I think at this time, given the type of bidding market we are facing, we are hoping for good luck and with good management we will do the best we can. Basically, we will not know until the bids come in on this project what kind of funding we will have available.

As I said, the two options we are looking at if we need to cut something, or if we need to have a bid alternate, would be to reduce parking and also reduce the amount of renovations that have been scheduled in some of the ward areas in the existing hospital.

Mr. COUGHLIN. What is the target date for the completion of that project?

Ms. LIVINGSTONE. Currently, June of 1990.

Mr. COUGHLIN. When do you get the bids in on that?

Ms. LIVINGSTONE. We have already bid the nursing home care unit construction. That came in right on the money and that award should be made later this month.

In terms of the remaining work—the clinical addition, some minimal renovation and the parking structure—we hope to make that award in March of 1987.

Mr. COUGHLIN. March of 1987. And are the bids out on that now?

Ms. LIVINGSTONE. No, sir. Approximately three months before the March, 1987 date we expect to send invitations for bids.

Mr. COUGHLIN. Thank you, Mr. Chairman.

Dr. DITZLER. Mr. Chairman, could I correct for the record relative to Wilkes-Barre? As a Pennsylvanian with relatives there, I wouldn't want to speak adversely of Wilkes-Barre, but I think under our new nursing home policy, we are clearly considering the use of veterans State homes and in-house conversions and hoping to build nursing homes in the communities where they don't have the opportunities for veteran State homes or where other community resources are low. I think Wilkes-Barre or any other nursing home will depend on meeting those criteria, also.

ADVANCED PLANNING FUND

Mr. BOLAND. You are requesting $5 million for the advanced planning fund in 1987. When will the 1985 APF projects begin?

Mr. NEUMANN. Sir, we have had to recast considerably our APF planning.

Mr. BOLAND. How about the APF projects in 1986? Will they begin in 1986?

Mr. NEUMANN. No, sir. I don't think so. We are coming up with revised lists.

Mr. NEARY. Mr. Chairman, as you know, as part of our preparation of the Construction Needs Assessment and given the outlook for the future in terms of resources, we have gone through a serious retrenchment in what we are expecting.

As a result, we have looked at the approved advance planning projects, and we will soon be prepared to come forward with our reassessment.

Mr. **Boland**. Will you provide for the record a list of the projects to be supported with 1986 APF and 1987 APF funds?

[The information follows:]

Fiscal Year 1986 Advance Planning Fund for Projects Tentatively Planned for Fiscal Year 1989 Construction

[In thousands of dollars]

Medical center and project title:	*Tentative est. cost*
Augusta, GA, renovate B-76 (UD) 28-bed SCI (DD)	$11,000
Columbia, SC, new psychiatric building	6,900
Ft. Howard, medical center modernization	72,000
Greenville, SC, satellite outpatient clinic	5,000
Hampton, VA, outpatient/therapeutic bldg. and domiciliary	25,000
Hot Springs, SD, clinical addition	13,400
Las Vegas, NV, VA/AF hospital (Nellis AFB)	7,000
Long beach, CA, structural seismic corrections	5,000
Marion, IN, new psychiatric bldg./HVAC	20,000
San Juan, PR, medical center modernization	88,500
Temple, TX, bed addition	14,400
Fiscal year 1986 APF total	268,200

Fiscal Year 1987 Advance Planning Fund for Projects Tentatively Planned for Fiscal Year 1990 Construction

[In thousands of dollars]

Medical center and project title:	*Tentative est. cost*
Alexandria, LA, modernize B-2 intermediate care	3,500
Bonham, TX, domiciliary HVAC and patient privacy	10,000
Brevard County, FL, new VAMC	103,000
Bufalo, NY, clinical addition	5,000
Cleveland, OH, outpatient addn./parking structure	12,500
East Orange, NJ, clinical/outpatient addition	100,000
Hines, IL, correct clinical deficiencies B-200 PH. I	8,000
Iowa City, IA, research building/parking facility	28,400
Kansas City, MO, clinical expansion/add elevators	23,500
Lincoln, NE, construct surgery and SPF	4,000
Lyons, NJ, renovate B-8, 55, 56 and 58	18,000
Montrose, NY, patient privacy, HVAC and outpatient	49,000
Mt. Home, TN, renovate domiciliary	10,000
New York, NY, replace medical gas system	3,000
Northampton, MA, HVAC, pat. privacy, supp. seismic	54,100
St. Cloud, MN, acute medical/outpat. bldg.	10,000
Sepulveda, CA, relocate canteen service	3,000
Shreveport, LA, relocate laboratory	3,500
Tomah, WI, Modernize B-400, 401, 402, 407 and clinical addition	16,300
Tucson, AZ, convert basement B-57 to usable space	4,000
Wilmington, DE, replace air conditioning system	3,000
White River Jct., VT, replace boilers	3,000
Fiscal year 1987 APF total	474,80
Grand total	743,000

FACILITY DEVELOPMENT PLANS

Mr. **Boland**. How much of the five million dollars requested for the advanced planning fund in 1987 will go for the first increment of the facility development plans? As I understand it, this is a recommendation of the Booz, Allen, Hamilton study, was it not?

Mr. **Neumann**. Yes.

Mr. **Boland**. Did it come about as a result of that?

Mr. **Neary**. That is correct.

Dr. **Gronvall**. Mr. Chairman, I believe there is a $5 million commitment to begin developing facility development plans.

Mr. **Boland**. This is certainly for the first increment of the facility development plan, is that correct?

Dr. **Gronvall**. Yes.

Mr. **Neumann**. Mr. Chairman, may I interrupt?

In the recasting of the APF list that Mr. Neary spoke to, there will also be excess funds from the unobligated balance which will be available to add to the five million dollars. This will allow us to do about $600 million of new APF work, that is project costs, and about $10 million for facility development plans or some 40 to 50 facility development plans.

This will be in the neighborhood of about $14 to $15 million that we would expect to have available to do APF work for that year including 40 to 50 facility development plans.

Mr. **Boland**. Over what period of time?

Mr. **Neumann**. During the next year.

Mr. **Boland**. What about the out-years? What is the facility development plan program? Is there any estimate of what that cost will be in the out-years?

Mr. **Neumann**. We estimate an average of about $200,000 per medical center.

ASBESTOS REMOVAL

Mr. **Boland**. Now, you are requesting $9,800,000 for asbestos abatement in 1987. You requested $15 million for asbestos abatement in 1987 from OMB. Why was your request reduced by five million dollars by OMB?

Mr. **Neumann**. Sir, that is the result of reductions in the number of projects from the original budget request.

Mr. **Boland**. How serious a problem is asbestos abatement within the hospital system?

Dr. **Ditzler**. Serious, in my opinion. I think serious across all Government because the liability aspect is reducing the number of people who would do the work, I think out in the field you have great problems getting the workers to do the removal.

Mr. **Neumann**. Sir, I might add the capital facility studies you funded a couple of years ago which are rapidly nearing completion will give us a handle on the presence of asbestos in our facilities.

We hope to see how much more we are talking about to clean up asbestos problems.

Mr. **Boland**. It is a serious and I suppose a costly program, too, within the VA. Where is the asbestos mostly? Is it in the ceilings?

Dr. **Ditzler**. Almost anytime you tear apart a ceiling or wall you have exposure.

Mr. **Neumann**. Insulation of piping is the most prevalent now.

Mr. **Boland**. Of course that has got to be removed. I suppose you don't have to worry too much about that asbestos which is behind the walls. I think EPA has established some guidelines now, has it not, for the removal of asbestos?

Mr. **Neumann**. Yes, sir.

Mr. **Boland**. You will be following those guidelines?

Dr. **Gronvall**. Even when it is in a wall and well encased, we often have renovation of walls where we have to break through walls, so then it becomes exposed.

DESIGN FUND

Mr. **Boland**. Then it becomes visable and then you have got problems, I suppose.

You are requesting $19 million for the design fund for fiscal year 1987. What is that request for?

Ms. **Livingstone**. That is to support working drawing design of potential fiscal year 1988 projects. We would be doing drawings on approximately $350 million worth of projects.

Mr. **Boland**. You are also requesting $600,000 for design of cemeteries.

Mr. **Neumann**. That is correct.

Mr. **Boland**. Do you anticipate that the 1988 major construction request supports this level of activity?

Ms. **Livingstone**. Yes, sir. We anticipate it will. Outyear budget figures are higher than our current fiscal year 1987 level.

TIME SAVED UTILIZING DESIGN FUND

Mr. **Boland**. The purpose of the design fund was to save an average of 15 months in project design time. This would result in significant cost savings resulting from avoiding 15 months of cost escalation. When were the design contracts funded from the 1985 design fund awarded?

Mr. **Neumann**. Not nearly soon enough and certainly not on the savings target we indicated to you. We did save four to six months in terms of our normal schedules on those awards, but we certainly didn't approach our goal.

Mr. **Boland**. All right. When can the VA submit the list of projects to utilize money from the 1986 design fund?

Mr. **Neumann**. I believe it is presently in process within VA, sir.

Ms. **Livingstone**. It is proposed right now. Six of the ten projects, in our fiscal year 1987 budget would be supported by the fiscal year 1986 design fund in addition to Wilkes-Barre.

SUSPENSION OF PROJECT DEVELOPMENT

Mr. **Boland**. As I understand it, the VA has to suspend development activities on 32 projects that were in the planning pipeline. Is that correct?

Mr. **Neumann**. Yes, sir.

Mr. **Boland**. If so, why?

Mr. **Neumann**. These were on previous APF lists which would have indicated we should have them ready for a given future budget year. When it became necessary, as Mr. Neary has testified, to revise our lists and apply the new prioritization methodology, we felt that we should not be expending additional resources on these projects. So we stopped work and in some cases we will cancel contracts.

Mr. **Boland**. Now, when will you begin development activities again for these 32 projects?

Mr. **Neumann**. We will begin development 2 to 2.5 years ahead of the budget year.

Mr. **Boland**. If these planned activities are suspended, why are you requesting funding for them?

Mr. **Neumann**. I do not believe we are, sir.

Mr. **Boland**. They are not included in the advance planning funds for designs?

Mr. **Neumann**. Yes, sir. That is correct.

Mr. **Boland**. None of them?

Mr. **Neumann**. Some of them were previously funded and would be reflected as obligated funds against funds you previously appropriated.

Mr. **Boland**. This is for 1986 and before.

Mr. **Neumann**. Yes.

Ms. **Livingstone**. These would be projects whose priority is no longer sufficient for us to continue project development given outyear budget figures.

EFFECTS OF GRAMM-RUDMAN ON FY 1986 PROJECTS

Mr. **Boland**. The Balanced Budget and Emergency Deficit Control Act of 1985 reduced all major construction projects funded in 1986 by 4.3 percent. The table on pages 13-94 and 95 shows reductions by project. Will each of the major construction projects funded in 1986 be able to move ahead with the 4.3 percent reduction and, if not, what projects cannot move foward?

Ms. **Livingstone**. Mr. Chairman, we are hopeful we will be able to move forward with most, if not all, of the projects as currently scoped, given a number of different factors such as the fact we are asking our A/E's now to design to cost target. We are also coming up with bid alternates.

There may be a few projects in which we are going to experience difficulty such as the Philadelphia project I mentioned earlier. Houston is possibly another one where we will reduce $7 million on that project. At this point we are relying on good management, and we hope good markets will give us good luck.

If not, we will have to come forward with new reprogramming requests to reduce the scope.

Mr. **Neumann**. May I add, the percentage of reduction actually turned out to be 3.1 percent per project because of the old money involved in our request.

UNOBLIGATED BALANCES, MINOR CONSTRUCTION

Mr. **Boland**. Turn to minor construction. You are requesting $106,962,000 in 1987. That is a decrease of $24,099,092 below the 1986 appropriation. Last year the unobligated balance of minor construction for fiscal year 1986 was estimated to be $216,777,000. The actual unobligated balance of minor construction funds available at the beginning of fiscal year 1986 was $279,190,000.

The unobligated balance at the beginning of fiscal year 1981 was $88,524,000. The unobligated balance at the beginning of each fiscal year has continued to increase. Because of the large unobligated balance, and as a partial offset for the increases in major construction appropriation, the Congress reduced the 1986 appropriation request by approximately $50 million.

Why did the unobligated balance at the beginning of fiscal year 1986 increase by over $62 million above last year's estimate?

Mr. Falco. We need to supply that for the record because I don't think we have made that kind of a change.

Mr. Boland. Well, I think the indication last year was that the VA was working to reduce the unobligated balance of the minor construction appropriation as reflected in page 152 of the hearings. What about the 1987 minor construction request? Should it be reduced?

Mr. Falco. Based on the outyear projections for the unobligated balance, the managerial initiatives that we have taken last year don't bear fruit until fiscal year 1987. We are predicting only $177 million in unobligated balance, which is almost a hundred million dollars less than the unobligated balance at the end of fiscal year 1985.

It takes more than one year to achieve the managerial objectives we have initiated last year. We will see a major improvement as a result of the initiatives from last year in 1987.

STAFF OFFICE CATEGORY

Mr. Boland. Five million dollars is requested for staff office construction projects in 1987. That is a new category of construction projects. At what locations will this minor construction work on staff offices be done?

Ms. Livingstone. Basically that is a discretionary account.

Mr. Hoffman. What had been done previously, Mr. Chairman, was to fund those projects out of, for example, the general operating expense account. We asked for a decision from our general counsel, and they strongly emphasized that in the future funding should come out of the minor construction account, not out of the individual appropriations.

Ms. Livingstone. This will be for improvements in our regional offices, things formally funded by the staff office or department itself.

FY 1987 AVERAGE EMPLOYMENT OFFICE OF FACILITIES

Mr. Boland. Turn to page 14-165, General Administration. You are requesting a limitation on the expenses of the new Office of Facilities of $38,885,000 in 1987. That is an increase of $4,515,000 above the 1986 limitation on the Office of Construction.

Average employment is estimated at 733 in 1987, an increase of 49 above the 1986 level. The staffing increase relates to the proposed reorganization. Let's look at the 1987 FTEE level.

The proposal is to transfer 73 FTEE for the Office of Facilities from the MAMOE appropriation to the minor construction appropriations. You also propose to transfer 13 FTEE from the minor construction appropriation to the GOE account. That should leave a net increase of 60 FTEE in 1987 instead of 49. What happens to the 11 FTEE difference? Is this the 1987 savings resulting from the consolidation of FEPAC and the Office of Construction?

Can you explain this decrease of 11 FTEE?

Mr. **Hoffman**. Mr. Chairman, part of that is due to the impact of savings in the reorganization. There are additional FTEEs which are associated with productivity improvements for 1987.

Mr. **Boland**. What are the expected total savings from combining the two offices?

Mr. **Neumann**. A figure of 30 FTEE was used for our calculation for this year. They all came from the Office of Construction.

Mr. **Hoffman**. It would be about a $1.5 million savings for 30 FTEE, Mr. Chairman.

OFFICE OF CONSTRUCTION REORGANIZATION

Mr. **Boland**. Let's spend just a moment on the proposed reorganization involving a transfer of the Office of Construction to the Department of Medicine and Surgery. By correspondence dated October 31, 1985, and November 1st, 1985, the Administrator notified the Committee of his intention to transfer the Office of Construction to the Department of Medicine and Surgery.

This proposal resulted from the Booz, Allen, Hamilton and RTKL Associates "Comprehensive Study of the VA's Organization and Procedures for Constructing Health Care Facilities."

The November 1st correspondence did not really contain any details about the proposed reorganization. By correspondence dated February 5th of 1986, the VA provided detailed information on the proposed reorganization. As I understand it, the Booz Allen report basically recommended implementing changes in the process—procedures—before organization changes. The VA's proposal basically implements process and organization changes concurrently.

Why has the VA decided to implement the process and reorganization changes at the same time?

Mr. **Alvarez**. Mr. Chairman, I know the Administrator felt at the time, and this was, I think, arrived at by him after consulting with the contractor, Booz Allen, the long range plan was to go ahead and make the move within the Department of Medicine and Surgery. He felt this could be done on a much more compressed time scale and he felt it would be wiser, in his point of view, to go ahead and start that process now.

I think Dr. Ditzler also had some conversation with the Administrator on that.

Dr. **Ditzler**. Mr. Chairman, the initial report of Booz, Allen, Hamilton, which was delivered as I remember last May, was studied at some length by most of the people in CO. Probably by early June the Administrator called back Booz Allen and said, "what I read into this thing is that you are really saying all of this should be put in one department; is that right?" They said, "well, yes."

Over the summer it became quite clear what Booz Allen Hamilton really said in their report was that fragmentation of all these things in construction was the greatest problem. As soon as you got rid of the question of fragmentation, and got everything in one office, you would be much further along.

I think it was Mr. Walter's opinion, and certainly my opinion, that we were going to have a tremendous change in events and it could be better handled if it was all done under one boss right away. It is more traumatic for some of us, I would think, but I think to expedite some of the changes it is the only way to go.

FINANCIAL INTEGRITY AFTER REORGANIZATION

Mr. **BOLAND**. How will the financial integrity and accountability be maintained under the proposed reorganization?

Dr. **DITZLER**. Some of these people you have mentioned have been transferred out will be going to the Office of the Controller and also to the Associate Deputy Administrator for Management who will perform the management oversight and review based on the additional help that this will provide them.

Mr. **BOLAND**. There is concern that adequate controls on cost and scope of projects be maintained. How will you get that adequate control and oversight?

Dr. **DITZLER**. I think the oversight will be even strengthened in the office of the Controller and the ADA for Management.

STAFFING FOR OVERSIGHT FUNCTIONS

Mr. **BOLAND**. Will the offices charged with monitoring and oversight of the construction program, the Office of Budget and Finance and the Construction Analysis Unit, be provided with adequate staff to perform the oversight function?

Dr. **DITZLER**. My judgment is it has been increased.

Mr. **HOFFMAN**. Mr. Chairman, one of the concerns we had was that we be given that guarantee, and we were assured we would have the additional three people put on our staff plus the fact that our review will be a body-specific review in budget funding to reprogramming and all other aspects.

Mr. **BOLAND**. How many FTEE will be provided and devoted to this function in these two offices?

Mr. **HOFFMAN**. In my case, it would be approximately eight or nine FTEE. The Associate Deputy Administrator for Management function would be ten FTEE.

Mr. **BOLAND**. How does it compare with the current oversight?

Ms. **LIVINGSTONE**. The current oversight provided in terms of the programmatic issues is in the Office of Construction so basically there is no one unit in and of itself in the Office of Construction that performs just oversight. It is done as a part of daily activity.

In terms of the Controller's office, I believe that would be an increase of what you have now.

WAIVER OF WAITING PERIOD FOR REORGANIZATION

Mr. **BOLAND**. I understand the Veterans Affairs Committee is concerned with respect to the reorganization proposal and has a number of questions. Although the VA's 1987 justification reflects the proposed reorganization, the VA is seeking a waiver of the waiting period required by law. Is it going to be granted?

Mr. **ALVAREZ**. We don't know yet, sir.

Have we had any indication, Susan?

Ms. **LIVINGSTONE**. No. I understand the House Veterans Affairs Committee may have a hearing on April 10 on the subject.

Mr. **Boland**. Granting the waiver that you have requested would not transfer funds from MAMOE to the minor construction appropriation in 1986, would it?

Mr. **Hoffman**. If it were approved by this Committee and the Oversight Committee, we would either require an appropriation transfer or we would have to operate through the end of this fiscal year as it currently stands.

Mr. **Boland**. The budget proposed to fund the new Office of Facilities from the minor construction appropriation. The proposal calls for the transfer of funds for 73 FTEE and MAMOE to the minor construction appropriation. Since the Office of Facilities is to be under the Department of Medicine and Surgery, why not fund the Office of Facilities in the MAMOE account?

Mr. **Hoffman**. It could be done that way.

[The information follows:]

Transfer From MAMOE to Minor Construction

Although the Office of Facilities could be transferred to and funded from the MAMOE account, it would be appropriate to transfer the 73 FTEE from MAMOE to the Office of Facilities and fund the entire organization from General Administration in the Minor Construction Appropriation. The total cost of the construction activities, project costs as well as administrative expenses, would then be separately identified, and controlled as one unit. In addition, all administrative costs from General Administration are capitalized at the end of each month and prorated to the active individual construction projects as is required by GAO. This accounting transaction provides a more complete cost by project of the construction program, and is easily accomplished since the construction appropriations are maintained by their own accounting system. Other project related expenses such as, the recent Capital Facilities studies, Research and Development contracts, printing, surveys and testing are also funded from General Administration. Further, it is practical to keep the highly technical engineering, design, and construction specialists separate and properly funded under a construction appropriation.

A CAPITAL PLANT STUDY

Mr. **Boland**. The VA has been engaged in a capital plant study. Last year you indicated, Susan, that the study would be completed by the end of 1985. Is the plant study completed?

Ms. **Livingstone**. The accumulation of data at the 131 medical centers is just about completed, but we are entering the data into the computers right now. About half of the studies have been put into the computers as of this month. We expect to have the entire studies, all the studies computerized by the end of August.

Mr. **Boland**. How much has been spent on the capital plant study?

Mr. **Neumann**. In excess of $9 million is the accurate figure for the record.

Mr. **Boland**. When the study is completed, what does it indicate?

Ms. **Livingstone**. The findings thus far are that, and probably have been no surprise, the VA is an aging infrastructure and there are a number of physical plant needs out there that need to be met. It is basically giving us data on the systems in the medical centers, asbestos problems, some data on seismic and we are finding that we have a number of needs in those medical centers and will now utilize that data to plan our construction in the out years.

Mr. **Boland**. Who is going to maintain the data?

Ms. **Livingstone**. Right now the data are being inputted into Office of Construction computers. Basically with the merging of Office of Construction with the Department of Medicine and Surgery, it will all be one.

Mr. **Boland**. That data will be held where?

Ms. **Livingstone**. It will be available both in Central Office and to the field.

NEW ORLEANS MEDICAL CENTERS

Mr. **Boland**. Okay. Mrs. Boggs.

Mrs. **Boggs**. Thank you, Mr. Chairman. I thank all of you for your testimony.

I will be looking forward to receiving information on those preliminary plans and working drawings. How is the new facility at New Orleans fairing?

Mr. **Neumann**. Mrs. Boggs, I just visited there the first of last week and I might tell you we think we are going to complete it around the end of the year. We are now in a very difficult operation in the in-fill areas as you are well aware, and it is pretty messy, but the new work certainly looks good in the clinic. It looks like it will be June by the end of the year, according to both the construction engineer and the project manager.

Mrs. **Boggs**. Is the new area functioning satisfactorily?

Mr. **Neumann**. Yes, Ma'am. They are quite pleased with it. Some bugs, but not many.

Mrs. **Boggs**. Thank you.

Thank you, Mr. Chairman.

Mr. **Boland**. Thank you very much.

Additional Questions Provided by the Committee

Minor Unobligated Balance

Question. Why did the minor construction unolbigated balance at the beginning of fiscal year 1986 increase by over $62 million above last year's estimate?

Answer. The unobligated balance figure of $216,841,000 in our 1986 budget request was based upon procedures that now have been recognized as not effectively obligating the growing Minor Construction program. New management initiatives have been developed to more effectively manage this program. These initiatives include providing 2 percent of project magnitude estimates for preliminary design to the medical centers approximately nine months prior to the beginning of the funding year. This new procedure will accelerate the project development. Secondly, the number of projects selected for this process will exceed the available budget authority by 20 percent to restore projects lost due to cancellations and reprogrammings. Finally, a data-base management system has been recently installed. This system will more closely track the project's development and provide management an opportunity to identify and correct problem areas on a routine basis. These management initiatives have been implemented in 1986 and results will be fully experienced in 1987. Based on these improvements, a reduction of $86,224,000 in the Minor unobligated balance by the end of 1987 is planned.

New Bedford VA Satellite Outpatient Clinic

We have received inquiries regarding the possible closing of the VA Satellite Outpatient Clinic in New Bedford.

Question. Why should the VA Satellite Outpatient Clinic in New Bedford be closed?

Answer. No decision has been made in closure. Workloads have been declining since the FY 1981 peak of 8,663 visits, however, it appears that annual workloads have stabilized to the 7,500 visit level.

Question. Dr. Ditzler, have you made your recommendation regarding closing the clinic to the Administration yet?

Answer. A recommendation has not been made to the Administrator.

Question. When will the recommendation be made?

Answer. My decision will be made during the first part of June 1986.

Question. When will the Administrator make a final determination?

Answer. The Administrator will require ample time to review the background and my recommendation before his decision is made.

Question. How many visits did the clinic have in 1985?

Answer. In Fiscal Year 1985, there were 7,415 visits.

Question. What do you estimate will be the number of visits to the outpatient clinic in 1986?

Answer. Through the end of January 1986, there were 2,274 visits and the estimate for the entire year is 7,500.

Question. What resources—both dollars and FTEE—are allocated to the clinic in 1986?

Answer. Resources are $414,247 and 5.5 FTEE.

Question. What level of resources—both dollar and FTEE—were actually used at the Satellite Outpatient Clinic in New Bedford in 1985?

Answer. Resources were $401,747 and 6.3 FTEE.

QUALITY ASSURANCE

Question. Last year, we asked for a list of the five facilities with the most severe [JCAH] deficiencies. What has been done to help those five hospitals—Sheridan, Biloxi, Asheville, East Orange, and Montrose.

Answer. The five facilities have submitted action plans for all recommendations made by JCAH. Based on a review of these action plans by VACO officials, all five facilities were determined to be taking appropriate steps to implement the recommendations. JCAH has removed the contingencies for Biloxi, Sheridan and Asheville VAMCs. Action is in process to remove the remaining contingencies at East Orange and Montrose VAMCs.

Question. Provide for the record a list of the five hospitals which have the most severe or serious [JCAH] deficiencies.

Answer. The five hospitals with the most deficiencies, in order of frequency, are: Dayton, Wichita, Big Spring, Syracuse and Albany.

PHYSICIAN STAFFING STUDY

Question. On page 7-10, you are requesting an increase in 1987 for a physician staffing study.

Explain the proposed physician staffing study.

How would the $2 million requested for the phyician staffing study be spent?

Answer. 1. The staffing guidelines program is a major initiative of the Department of Medicine and Surgery. We have already made a substantial resource investment in the development of staffing guidelines in a wide variety of activities. We need to develop guidelines for VA physicians in order to accomplish the goals of the overall Strategic Management program.

2. The Institute of Medicine (IOM) of the National Academy of Science has issued a draft feasibility study outlining a methodology to perform a comprehensive physician staffing study for the Department. The study would take two years and would be conducted by an IOM committee of experts from the fields of medicine, industrial engineering, statistics, and economics.

3. Using the IOM to complete this work, rather than an in-house group, is appropriate in order to give proper credibility and acceptability to the effort to improve the management of physician staffing. This is also consistent with Departmental goals for cost containment, since physicians' actions are a major determinant of the cost of medical care.

4. The estimated cost of the study is approximately $2 million. This is a critical need which cannot be met from other resources available to the Department.

COMMUNITY NURSING HOME CARE OBLIGATIONS

Question. The average obligation per patient day for community nursing home care in 1985 was $59.87. The average obligation per patient day for nursing home care at a VA nursing home in 1985 was $111.94 (page 5-43). The contract nursing home amount does not reflect all medical, nursing and related expenses for patients receiving care.

What would the cost per patient day in a contract nursing home be if additional relevant costs were included? What we are looking for is a cost that is truly comparable to the cost of treating a veteran in a VA nursing home.

Answer. In Fiscal Year 1985, the average direct care per diem cost, those funds paid to nursing homes, was $59.87. When the costs to the VA are added, including personal services for nursing home evaluations and patient follow-up and drugs, supplies and staff travel, the average per diem rate increased to $64.38. The average per diem cost in VA Nursing Homes was $111.94 in FY 1985. These cost figures are not truly comparable as some costs in the Community Nursing Home Program are not included, e.g., ambulance services. The cost distribution system for the two programs also differ. The programs vary widely in their design with VA Nursing Homes using higher levels of medical and nursing professions than community nursing homes.

COMPENSATION AND PENSION OVERPAYMENTS

Question. The amount of compensation and pensions overpayments at the end of the year have continued to increase. Overpayments totaled $109,176,000 at the end of 1981, $177,627,000 at the end of 1982, $216,567,000 at the end of 1983, and $262,535,000 at the end of 1984.

For the record update the table on overpayments found on page 180 of last year's hearings.

Answer.

Compensation and Pensions Overpayments

Balance end of fiscal year 1984	$262,535,000
Established in fiscal year 1985	240,448,000
Recovered in fiscal year 1985	186,898,000
Written off in fiscal year 1985	11,534,000
Balance end of fiscal year 1985	304,551,000

LOAN GUARANTY

Question. Last year, you stated that in over 85 percent of the cases the regional office met the standard of eight days from receipt of the prior approval loan application until the issuance of a commitment to a lender (page 167 of last year's hearings). That was down from 95 percent from the year before.

What percent of loans are currently processed in eight days?

Answer. The current percentage of cases in which the regional offices meet the standard of eight days from receipt of the prior approval loan application until the issuance of a commitment to a lender is 63 percent (March 1986).

Question. What amount of time is it now taking to process loan applications?

Answer. As of the end of March 1986, the Veterans Adminiistration's nation-wide average procession time was 40 days for appraisal requests, and 15 days for loan commitments.

Question. The VA recently auctioned homes in the Houston area. Are there instances where the VA acquires a home as a result of default on the loan and it costs more to do that than just pay off the amount of the loan guaranteed? If so, how many cases and why?

Answer. VA acquires properties in connection with foreclosed GI loans only in those cases where it would reduce the potential loss to the government. The criteria for making this determination is set forth in 38 U.S.C. 1816. There are a limited number of cases where the ultimate disposition of the property results in a greater loss than the original government liability under the guaranty.

VA would have to conduct a case-by-case review to determine the reasons that such losses occurred. This would entail analyzing the decision-making process from the initial determination to specify an amount to be bid at the foreclosure sale until the property was eventually sold. During this interim period, numerous decisions regarding repairs, pricing strategy, etc., were made based on the conditions and facts associated with that particular property. Generally in cases where VA loses more than its guaranty liability there have been changes in economic or market conditions and/or in the physical condition of the properties themselves (e.g., vandalism, damage by fire or the elements or other physical deterioration) that could not reasonably have been anticipated.

Question. Losses to the Loan Guaranty Program over the years have primarily been covered by the transfer of funds from the Direct Loan Revolving Fund?

What is the cumulative loss in the Loan Guaranty Revolving Fund? Include all appropriations and funds transferred from the Direct Loan Revolving Fund.

Answer. The following summarizes the receipts and expenditures from the Loan Guaranty Revolving Fund through fiscal year 1985:

Assumption of Assets at Inception of the fund (1961)	$521,335,096
Receipts from Operations	11,779,916,812
Total	12,301,251,908
Appropriation for Participation Sales Insufficiency	32,420,742
Budget Authority	566,600,000
Transfers from Direct Loan Revolving Fund	2,013,871,000
Total	2,612,891,742
Total Availability	14,914,143,650
Expenditures:	
Payment of Claims and Acquisition of Properties	10,323,023,634
Property Management, Selling and other expenses	4,188,420,098
Total Expenditures	14,511,443,723

These figures show that the fund has incurred $14.5 billion in total expenditures while the initial balance of the fund and receipts from program operations has generated a total of $12.3 billion. This shortfall has been offset by appropriations and transfers totalling about $2.6 billion.

However the $2.6 billion is not a cumulative loss because the agency controls the following assets acquired from program operations.

Unobligated Balance 10-1-85	$256,206,000
Real Property Owned	770,988,000
Loans Receivable	1,221,247,000
Total	2,248,441,000

READJUSTMENT BENEFITS

Question. The educational overpayments outstanding at the end of 1984 was $548,230,000. Last year, you estimated $512,325,000 in overpayments at the end of 1985.

For the record, update the table on overpayments found on page 181 of last year's hearing.

Answer.

READJUSTMENT BENEFITS: ANALYSIS OF OVERPAYMENTS

[In thousands of dollars]

	1984	1985	1986	1987
Overpayments:				
Start of year	$582,926	$548,275	$521,994	$490,894
Established	152,096	102,299	102,800	86,300
Collections and offsets	177,062	123,291	127,200	109,400
Waivers and terminations	9,685	5,289	6,700	5,600
End of year	548,275	521,994	490,894	462,194

REIMBURSABLE FTEE

On page 6-12, you show employment in the reimbursable programs increase by 40 in 1986—from 80 estimated last year to 120. For 1987, average employment increases by 20 to 140. The increases in FTEE devoted to the reimbursable programs masks the real reduction in FTEE in other medical and prosthetic research programs.

Question. What causes the average employment for reimbursable programs to increase by 40 in 1986 above last year's estimate?

Answer. The need for an additional 40 FTEE in FY 1986 is a result of several factors. There has been an increase in requests for research to be conducted by the

VA associated with the recently signed sharing agreements between the VA and DOD. The VA also conducts research programs for NIH and other federal agencies through direct grants or interagency agreement. Direct grants to the VA or interagency agreements save the government overhead costs which would have to be funded if the research were conducted outside the federal government. If the FTEE were unavailable for those research programs, these types of research programs would have to be severely limited within the VA.

There is also research supported by donations from individuals, non-profit organizations and foundations through the general post fund for research. In order to accept these donations for research, additional FTEE are required.

The personnel hired for this research are hired under a time limited appointment, only for the duration of the research project, and not as a permanent appointment.

Question. What causes the average employment for reimbursable programs to increase by 20 in 1987?

Answer. For FY 1987, there is a projection for an increase in funding to the VA from other government agencies based on the VA's cost competitiveness and an increase in donations to the general post fund for clinical research. There are few organizations able to conduct clinical trials and as the research interest increases for clinical trials so will the support from organizations to the VA for this research. This includes research in such areas as cancer, hypertension and AIDS.

Canteen Service Revolving Fund

Question. No appropriation by the Congress is required for the appropriation of the Veterans Canteen Service in 1987. However, the Balanced Budget and Emergency Deficit Control Act of 1985 sequestered $8,104,000 in the canteen service revolving fund.

What operating expenses of the Canteen Service Revolving Fund are being curtailed in 1986 because of the Gramm-Rudman-Hollings legislation?

Answer. The following curtailment will be effected due to the impact of Gramm-Rudman-Hollings legislation on the Canteen Service:

Reduction of Equipment Purchases—This action will require: a complete freeze on the purchase of additional equipment, a partial freeze on the purchase of replacement equipment, and a reduction of equipment purchases for renovation projects. The targeted dollar amount of this reduction is $1,350,000.

Inventory Reductions—The targeted dollar amount of this reduction is $4,104,000.

Reduction of Occupancy and other Miscellaneous Expenditures—The reduction in inventory and resultant decrease in sales will cause a decrease in occupancy reimbursement to the VA Department of Medicine and Surgery (which are based on 1.5% of total sales). The targeted dollar amount of this reduction is $302,631.

Staffing Reductions (attrition)—The targeted dollar amount of this reduction is $229,420.

Furlough Implementation—Efforts will be made to achieve further reductions by the above four approaches to total $2,117,949. As a last resort furloughs would be implemented to achieve all or part of this amount. The targeted dollar amount of this reduction is $2,117,949.

Total targeted dollar amount from all curtailments is $8,104,000.

Question. Will the sequestered funds revert to the Treasury or will the funds simply not be spent but remain in the revolving fund?

Answer. The 1986 column of the 1987 budget reflects obligations being reduced by $8,104,000 with no effect on revenues. The budget documents reflect a resultant "excess profit" of $8,104,000 to be paid to the Treasury. However, in implementing the sequester, obligations cannot be reduced without also effecting revenues (sales). The current projection is that sales will also fall and there will be no "excess profit". Therefore, no payment to the Treasury is anticipated.

Special Therapeutic and Rehabilitation Activities Fund

This is a self-sustaining fund and no appropriation is requested from Congress. Funds to operate the various rehabilitative activities and provide for the therapeutic work for patients and members in VA health care facilities will be derived from contractual arrangements with private industry and/or nonprofit entities. The Balanced Budget and Emergency Deficit Control Act of 1985 sequestered $100,000 from this fund in 1986.

Question. From which activities will the $100,000 be taken? What will be the effect of the sequestration of the $100,000?

Answer. Actual program activity for the period October 1, 1985 through February 28, 1986 were reviewed in developing an implementation plan for sequestering

$100,000 in FY 1986. The obligation pattern for the first five months of the year would indicate that management action will not be necessary to reduce obligations to meet the sequester. Operations are being closely monitored, however, and if the obligation rates increases to a level where the allowable obligation might be exceeded, stations will be required to reduce to the 1985 program level.

Question. Are the funds sequestered in this account turned over to the Treasury or again is it merely funds not spent?

Answer. While the issue is not clear, it appears that if obligations are reduced by $100,000 with no reduction in revenue, the fund balance of $100,000 could be required to be turned over to the Treasury, and not maintained in the fund.

INPATIENT PHARMACY SYSTEM

Question. What has kept the Inpatient Pharmacy System from successful development? When do you expect it to be finished?

Answer. The original estimates of the minimal time necessary to develop an Inpatient Pharmacy System were ambitious. They did not take into account the complexity of the Pharmacy distribution systems or the changes occurring in the Agency to implement DHCP.

A number of factors contributed to the delays in the Inpatient Pharmacy development:

Turnover in program development responsibility.

Turnover of primary programmers.

Assignment of primary programmers to other DHCP priorities: Education of site managers; Training of hospital personnel in Initial CORE Applications; Development of procurement specifications; Performance of equipment acceptance testing; Conversion of Existing Computer Systems to DHCP when support centers closed.

Limited resources for travel to development and testing sites.

Number of SIUG's (Pharmacy, MAS, Nursing) necessary to finalize specification for inpatient pharmacy software. Providing and refining the unit dose software has taken a longer period of time than originally anticipated primarily, because the unit dose package involves so many users in the individual centers.

To facilitate a phase implementation of the inpatient Pharmacy System the program has been divided into 3 modules: IV Admixtures, Automatic Replenishment/Ward Stock Distribution, and Unit Dose Distribution. The IV Admixture development was targeted first since greater than 70% of inpatient costs are for sterile products. A test version of this module was installed and used for patient care as early as February 1984. Version 1.1 of the IV Admixture software was verified in September 1985 and distributed. Currently at least 21 medical centers are utilizing this software. Version 2.0 is due to be released in the near future.

The Automatic Replenishment/Ward Stock Distribution software was verified in February 1986, and is currently being distributed.

During the development of the specifications for the unit dose module of the inpatient software several major issues were raised. The need to develop and maintain a database of drug products used in treating patients that would be consistent in every Medical Center and used by all DHCP clinical applications was identified as a priority. The identification of data elements and programming of the software to use this file has taken a significant effort on the part of the ISC and the SIUG. It was also recognized that in order to have uniform method of ward order entry the input of the Medical Administration (MAS) SIUG and the Nursing SIUG was essential. (Differing perspective on order entry and results reporting.)

The unit dose software began testing at three Medical Centers in FY 1985. In August of 1985 both the MAS SIUG and a representative of the Nursing SIUG previewed the proposed version and recommended some changes to the methodology of order entry. The software is currently in Beta Test and pending acceptance by the Beta Test sites and the SIUG, is expected to be sent for verification and distribution by late spring.

DHCP ALTERNATIVE

Question. Do you look at the IHS systems as a possible alternative to DHCP?

Answer. It is too early in the implementation and evaluation processes to determine whether IHS represents an alternative to DHCP. Once the 3 IHS systems are fully operational the agency will be in a better position to make a judgment about the viability of implementing commercially available hospital information systems in additional VA medical centers. The IHS mandatory modules (i.e., same as CORE and includes medical record tracking) were originally scheduled to be installed by April 30, 1986 with optional modules (i.e., comparable to enhanced CORE) to follow

6 months later. However, problems have been experienced recently with all three contractors in delivery of the tailored mandatory modules making it doubtful that these dates will be met. As the implementation continues, Arthur Anderson & Co. will be preparing detailed reports on each of the modules and a comprehensive report on the overall installation that contains recommendations for IHS potential use in the VA health care system.

In addition, a second contracted evaluation that compares IHS with DHCP is currently intended to be completed in April/May 1987, but is dependent upon the delivery of the mandatory IHS modules for evaluation. This study will yield a comparison of the two systems from a functional and cost-effectiveness standpoint.

The findings from the above studies coupled with input received from other sources will help to determine to what extent, IHS can serve as an alternative to DHCP.

SYSTEM INTEGRATION

Question. Since it appears that many of the functions still to be developed for the DHCP system are already operational in IHS, are there plans to integrate these approaches?

Answer. There are no plans to integrate the IHS and DHCP systems. It is true that the IHS mandatory and optional modules parallel most of the DHCP CORE and Enhanced DHCP software, however, our experience with IHS contractors thus far indicates that the IHS modules require extensive tailoring to meet the VA medical centers' operational needs.

In addition, there are no provisions in the contracts with the IHS contractors to provide for the integration of their commercial health care systems software and the VA's DHCP systems. The IHS contracts are meant to provide a three year test of the effectiveness of commercial hospital information systems in support of three VA medical centers. The IHS contracts were never intended to test how well commercially available software can be integrated with DHCP software. Compatibility problems may be expected because of the different equipment, operating systems and programming languages used in the IHS and DHCP systems.

SYSTEM COMPARISON

Question. When can we expect to see a side-by-side comparison of these systems, cost vs. effectiveness?

Answer. DM&S will issue a contract in FY 86 for a study comparing the Decentralized Hospital Computer System (DHCP) with the Integrated Hospital Systems (IHS). The contractor will be selected from among several top accounting firms on retainer with the VA for management studies. The purpose of the study is to evaluate the DHCP and IHS system in order to determine comparative cost benefit and compatibility with the Medical Center environment. The contractor must develop and then execute a methodology for comparing three separate IHS implementations (with separate vendors and hardware/software implementations at three separate VAMCs) with standard DHCP software and equipment that is provided to the remaining VAMCs. After conducting a cost benefit analysis and qualitative analysis the contractor will make recommendations concerning continuation of each of 3 systems, applicability/transportability of each IHS system or features thereof to other VAMCs and the long term impact of maintaining separate system.

The study is scheduled to begin in the third quarter of FY 86 and continue for 12 months. The contract has not been awarded yet. The schedule for deliverables provided in the task order statement of work is at this point preliminary, subject to revision once the contractor has determined the basis for comparing the IHS systems with DHCP. One important consideration will be how the differing implementation schedules among IHS sites and the implementation status of comparable DHCP modules willl effect the schedule for data collection phases of the study.

Questions for the Record Submitted by Mr. Stokes

MINORITY CONTRACTORS

Question. Over recent years, the Veterans Administration has developed a reputation as a supporter of minority contractors. However, under the current fiscal conditions this commitment seems threatened, and minority contractors may be the hardest hit because of cutbacks in the Veterans Administration construction projects. I cite for example, R&L Construction, a minority firm in Cleveland, which lost a contract to remodel the Brecksville facility because the Veterans Administration cancelled it in response to sequestration. Does this reflect the beginning of a trend?

Answer. This does not reflect the beginning of a trend. Regarding R&L Construction, the VA Office of Small and Disadvantaged Business contacted the VAMC at Cleveland and was unable to verify that a contract had been cancelled.

Question a. How many contracts awarded to minorities have you had to shut down so far because of Gramm-Rudman consideration?

Answer. No construction contracts awarded to minorities have been shut down because of Gramm-Rudman.

Question b. I understand that over the years, minority contractors working with the Veterans Administration have only been able to receive small contracts, not exceeding one-half million dollars. What general reasons do you give for this?

Answer. The Veterans Administration does not limit 8(a) contracts to les than one-half million dollars. For example, in the past three years, twenty-three construction contracts greater than one million dollars each were awarded to 8(a) firms. Among these were a $7.5 million contract for a warehouse and service building in Hines, Illinois, and a $7.1 million contract for a nursing home in San Antonio, Texas. In Fiscal Year 1986 we plan to award an additional 30 construction contracts over one million dollars each to minority firms.

In the VA's FY 1986 budget, the following major projects (projects $2.0 million or more) have been designated for 8(a) set-aside:

Location	Description	Total cost
Amarillo, TX	120-Bed Nursing Home Care Unit	$6.3
Brooklyn (St. Albans), NY	Modernize Kitchen & Satellite Dining Area	4.7
Chicago (WS), IL	Fire and Safety/Patient Priv	6.4
Cleveland (Breck), OH	Fire and Safety Improvements	2.6
Cleveland (WP), OH	Fire and Safety Improvements	5.0
Coatesville, PA	New Kitchen and Dining Hall	6.1
Long Beach, CA	Upgrade Secondary Electrical	5.1
San Diego, CA	Non-Structural Seismic Correct	6.1
St. Louis, MO	Remodel Building 53	9.6
Tucson, AZ	120-Bed Nursing Home Care Unit	6.6

Question c. What percentage of VA contracts have gone to 8(a) minority firms?

Answer. In the past six years approximately 3.25% (or $67,345,000 per year) of the total agency procurement has been awarded to 8(a) minority firms. This figure excludes purchases made through the GSA Schedule.

Question d. Have you been satisfied with the results of their work?

Answer. The performance of minority-owned firms has not been significantly different than that of non-8(a) firms.

VAMC CLEVELAND

Question. I understand that you have not yet begun construction on the Surgical Wing of the VA hospital in Cleveland. Although you are close to awarding the principle contract for the project. Is this decision being handled by the local VA facility, or are things being handled out of headquarters here in Washington?

Answer. The Chief Medical Director delegated this project to the VA Medical Center in January, 1984. Since that time, they have been in control of the project development (negotiating and awarding the A/E design contract, reviewing the A/E design progress, etc.). The Medical Center will also be in charge of construction. Limited assistance has been furnished by VA Central Office, when requested by the Medical Center.

Question a. What is the exact status of the contract at present, and when do you anticipate seeing the facility begun and completed?

Answer. The estimated cost of the project, based on the original design, exceeded available funds. The project is currently being redesigned in an effort to stay within the approved $9.4 million budget and to better meet the needs of the Medical Center. We plan to award the construction contract in February, 1987 and complete construction in December, 1988.

Question b. Sources in Cleveland tell me that the Veterans Administration decided not to award the principal contract for construction of the Surgical Wing to an SBA 8(a) minority firm, citing a lack of technical expertise as the major reason for the denial. Could you please briefly describe some of the areas of technical expertise that will be necessary to build the surgical wing that you felt could not be provided by 8(a) firms?

Answer. The project was not funded for accomplishment under the SBA 8(a) set-aside program. Since 1982, the Veterans Administration has always considered the size and complexity of this project to be such that it would be better to competitively bid it. The project includes new construction and remodeling of surgery, intensive care units, recovery room, SPD (supply, processing and distribution), etc. These are the most complex areas of the hospital. None of the 8(a) firms from the Cleveland area that submitted qualifications to the Veterans Administration over the past two years has been considered technically qualified to do this complex project. This is not to say there are not any 8(a) contractors in the United States that might have the experience and expertise to do this project.

Question c. I'm also told that the Veterans Administration has decided to award two very large contracts to minority firms in Cleveland for fire protection installation at the surgical wing, which if awarded will amount to contracts of $2 and $5 million, the largest amounts ever awarded by the Veterans Administration to minority contractors. Are you able to verify that you will indeed offer these contracts, and if so, what stage are you at in the process of actually seeing them awarded?

Answer. We have tenatively identified the Fire and Safety Improvement projects at Cleveland (Wade Park Division—$5.0 million) and Cleveland (Brecksville Division—$2.6 million) for SBA 8(a) set-aside. We anticipate both working drawing design contracts will be awarded in April, 1986, and the construction contract awards will be made in April, 1987.

It should be noted that these two projected 8(a) awards are not the largest amounts ever awarded by the Veterans Administration to minority firms. Examples of larger SBA 8(a) construction awards made by the Veterans Administration are: Hines, Illinois—Warehouse and Service Building for $7.5 million; San Antonio, Texas—Nursing Home Care Unit for $7.1 million; Dayton, Ohio—Domicilliary for $7.0 million; Hines, Illinois—Supply Depot for $5.4.

In addition, the Veterans Administration anticipates a $12.8 million 8(a) award in November, 1986 for a Clinical Project at the Cheyenne, Wyoming, Medical Center, and a $6.2 million Dietetics Project at the Waco, Texas, Medical Center.

Questions for the Record Submitted by Mr. Boner

VA LOAN GUARANTEES

Question 1. How many veterans does the VA expect the cap to affect?

2. Of these, how many are expected to default as a result of an inability to refinance their high interest VA loans?

3. Can you estimate how many of those loans already in default are expected to be foreclosed as a result of the inability to refinance?

4. How much money is estimated to be lost as a result of VA's loss of user fees from refinancing veterans?

Answer. With regard to the effect of the proposed cap on the refinancing of loans, questions 1 through 4 no longer apply.

The Agency has determined that due to the heavy loan volume that has been experienced so far this year, allowing no refinancings is no longer a practical tool to use in managing home loan activity. Also recent legislation, P.L. 99-255, has increased the estimated 1986 new guaranteed loan base amount (prior to sequestration) from $12.1 billion (President's budget) to $18.2 billion. This has, therefore, resulted in an increase to the sequestered amount from $11.6 billion to $17.4 billion (an increase of $5.8 billion).

It is felt that at this revised base level, steps can be taken to ensure the operation of the program through the fiscal year. The Agency is still considering what actions may be necessary to accomplish this policy.

Question. Will there be a specific limitation placed on VA loan guarantees in FY '86 and, if so, at what level will such a limitation be set?

Answer. There is a specific limitation placed on VA loan guarantees in FY 1986. The initial limitation was set at $11,569.1 million. Recent legislation increasing the base amount to $18.2 billion has increased the limitation to $17,417.4 million.

Question. Was the VA involved in estimating the FY '86 cap and, if so, what assumptions were used in the calculation?

Answer. The initial limitation was derived by taking the VA's estimate of $12,084.5 million and averaging it with CBO's estimate of $11,888.5 million, resulting in a base line estimate of $11,986.5 million. This average amount was then factored by 4.3 percent to produce the sequestered reduction of $515.4 million. The

VA's initial estimate of $12,084.5 million was then reduced by the $515.4 million to arrive at VA's initial sequestered base of $11,569.1 million.

VA's budget estimate of $12,084.5 million was based on similar mortgage interest rates (11 through 13 percent) and economic conditions that were experienced in FY 1985.

Question. Do you agree that if the VA home loan program is going to benefit veterans, it must do so at a time of relatively low interest rates?

Answer. It is true that as interest rates decline more veterans will make use of their home loan benefit. However, even at relatively high interest rates, the VA home loan program has some features, not generally available elsewhere, that make it attractive to the veteran. These features include the no downpayment option, and the fact that all VA guaranteed home loans are fully assumable.

COOPERS AND LYBRAND SUPPLY STUDY

Question. What are the Coopers and Lybrand findings and recommendations?

Answer. Coopers and Lybrand presented their findings and recommendations of the Supply depot system study to the acting Administrator and other VA officials on March 18, 1986. Following Agency review and final acceptance by the Administrator, study findings and recommendations will be released and briefings for House and Senate Veterans Affairs Committees and House and Senate Appropriations Committees will be scheduled.

Question. What will the VA do to implement these recommendations?

Answer. The VA is forming a task force to develop a preliminary plan to implement the contractor's recommendations, upon final acceptance by the Administrator.

Question. Was the Coopers and Lybrand methodology reviewed by VA technical staff and if so what was the result of that review?

Answer. VA technical representatives worked very closely with the contractor throughout all phases of the study. All proposed study methodologies required approval by VA prior to implementation. In the case of the Phase III methodology, for example, three plans were submitted prior to VA's approval of the final methodology. This working relationship with the contractor insured a methodology that met criteria consistent with sound research procedures.

Question. Last year I asked about VA's role in providing medical care to the Department of Defense in the event of a Presidentially-declared National Defense Emergency.

What are the VA's bed and time commitments under the Emergency Plan?

Answer. The last annual bed availability assessment (submitted by the field to VACO in November 1985 MEDIPP Plans) shows the following planning figures: within 72 hours, 10,332; within 30-45 days, 32,506. Again it must be stressed these are planning figures with actual availability being a point in time decision.

Question. Has Gramm-Rudman-Hollings altered VA's ability to meet that commitment?

Answer. VA's commitment is to make every effort to provide 25% of our staffed operating beds within 72 hours. The Gramm-Rudman-Hollings reduction is not planned to affect our staffed operating beds in FY 1986.

Question. Has VA's role in any way affected plans to convert existing medical beds, consolidate any medical operations, or close medical facilities?

Answer. We have never used our role as primary backup to military medicine to justify not taking action to convert or consolidate medical operations. Our commitment is to provide 25% of our staffed operating beds.

Question. What actions have been taken to minimize the impact of reservist mobilization on the VA's ability to fulfill its commitment?

Answer. VA's policy has been and continues to be that no VA employee in the Ready Reserve is exempt from military duty by reason of his employment. Exemptions for inactive reserve or military retirees can be requested by medical center directors.

Question. How many dollars and how many FTEE's are spent planning and coordinating the VA's role?

Answer. At present one program manager and one program assistant in Emergency Management spend approximately 50% of their time on VA/DoD contingency planning. In the field, each district has a contingency planning task force with at least one representative from each VA medical center and an active duty military planner as an ad hoc member.

Representation is usually evenly divided between clinical and administrative staff. It is not possible to state with any accuracy how many dollars and FTEE are spent planning and coordinating VA's role. It is estimated that more than 300 staff persons in the field have input to the VA/DoD contingency planning process, either as members of task forces, district planning boards, district executive councils, or regional planning boards. In VACO, approximately another 30 clinical and administrative staff have input via the MEDIPP review process. However the 1987 budget requests $1.8 million and 69 FTEE for coordinators and program assistants at the 36 coordinating VA medical centers.

Questions for the Record Submitted by Mr. Lewis

HOSPTIAL BEDS

Question. The VA's study "Caring For The Older Veteran" projects the need for hospital beds through the year 2000. On page II-3, Table 2, it projects a decreasing dependence on purchase, lease, and fee care to meet total needs from a high of 27%-55% in 1990 to an estimated 0% in 2020. Given current and future budget restrictions, isn't it more cost effective to rely more on this type of arrangement? I would assume that a buildup in construction to meet the requirements of aging veterans—whether in hospital or nursing home beds—would cost much more than providing quality care thru existing facilities on a lease or fee type arrangement. Furthermore, this approach would presumably eliminate the problem of empty beds once we get beyond our present and future projected bulges in the veterans population. Can you present the pros and cons of this approach and indicate how comprehensive your studies have been in forecasting overall public need and population trends?

Answer. The report "Caring For The Older Veteran" is not a planning document. It is a vehicle for raising issues and options for discussion. The approach use to project future bed needs and their sources in "Caring For the Older Veteran" rested on the assumption that the VA would only build to meet the needs of the veteran population from the year 2020 and beyond. The VA would expect to utilize cost-effective non-construction alternatives for the provision of medical care wherever possible, such as excess Department of Defense capacity, purchased or leased and operated facilities or fee-based care to fill the gap between VA-constructed facilities and projected demand levels. It should be noted that demand is forecast to peak in 2000 for hospital beds and in 2010 for long term care beds.

Section 303 of PL 99-166 requires the VA to examine the feasibiltiy of purchasing or leasing health care facilities as cost effective alternatives to construction when a need for additional health care facilities is identified. The VA has not forecast overall public need and population trends. However, we have forecast veteran health care needs and population trends. Future utilization rates of VA health care facilities are projected on past utilization rates and U.S. Census data has been used to project veteran population trends.

Some of the PROs for leasing or purchasing are:

a. Potential less initial investment by VA.

b. Could utilize current community excess capacity.

c. Total costs may be less than VA.

d. VA would not be left with excess capacity after peak period of veteran demand.

e. Would provide flexibiltiy in some geographic area.

f. Non-veteran demand will peak shortly after veteran demand; leasing should not reduce the availabiltiy of beds for non-veterans during peak veteran use years.

Some of the CONs for leasing or purchasing are:

a. Faciltiy may require extensive renovation to meet VA standards.

b. If there is a lack of community nursing home beds nationwide for community use then availability for veteran use would be limited.

c. Current excess of community hospital beds may not exist when veteran peak demand occurs.

d. Community facilities may not be where needed when needed.

e. Total cost may be higher than VA.

f. Some veterans are only eligible for care in VA owned facilities.

g. Contracts with VA may reduce availability of needed community beds by other citizens of the community.

GI BILL

Question. I'm concerned about the effect that elimination of the New GI Bill may have on military recruitment. Did the VA take this into consideration before proposing termination of this program effective October 1, 1986? If so, what were your findings?

Answer. The law directs the Department of Defense to make recommendations on the effectiveness of the New GI Bill. It is our understanding that DOD has submitted information which concluded that this program is not a cost-effective approach to attracting qualified personnel to the military. It was based on this information that a decision was made, during DOD's budget review, to close the program to new enrollees on October 1, 1986.

VETERANS ADMINISTRATION

VOLUME I

BENEFITS PROGRAMS

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Part 1. Benefits Appropriations and Funds

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In 1987 obligations are projected to decline $64.6 million from the 1986 estimate. This is the result of lower caseload (20,800) and a decline in the average benefit payments ($107.6 million). This reduction in average benefits payments is the result of a a continuation in the decline of the average degree of disability for veterans, fewer veteran and survivor cases with dependents and fewer dependents per case. These reductions are partially offset by the annualization ($43 million) of the 3.1% rate increase (PL 99-238) effective the last ten months of 1986.

SUMMARY OF WORKLOADS AND OBLIGATIONS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Caseload:					
Veterans	2,244,641	2,227,100	2,231,650	2,217,150	- 14,500
Survivors	338,187	335,000	332,000	325,700	- 6,300
Clothing allowance	(64,915)	(66,400)	(64,500)	(64,000)	(- 500)
Total	2,582,828	2,562,100	2,563,650	2,542,850	- 20,800
Average benefit payment (in whole dollars):					
Veterans	$ 3,686	$ 3,687	$ 3,767	$ 3,746	$- 21
Survivors	$ 5,790	$ 5,827	$ 6,148	$ 6,377	$+ 229
Clothing allowance	$ 348	349	$ 360	$ 360	...
Total	$ 3,970	$ 3,976	$ 4,084	$ 4,092	$+ 8
Obligations:					
Veterans	$ 8,274,281	$ 8,210,732	$ 8,406,325	$ 8,306,064	$-100,261
Survivors	1,957,986	1,952,094	2,041,100	2,076,900	+ 35,800
Clothing allowance	22,613	23,174	23,210	23,036	- 174
Total	$10,254,880	$10,186,000	$10,470,635	$10,406,000	$- 64,635

In 1985, 2,244,641 veterans and 338,187 survivors received compensation benefits totalling nearly $10.3 billion. Caseloads declined 17,499 from 1984, while obligations increased $317.3 million, primarily due to Public Law 98-543, which increased compensation rates by 3.2 percent effective December 1, 1984.

The increase of $284.6 million between the 1986 budget estimate and the 1986 current estimate is primarily the result of the "Veterans Compensation Rate Increase and Training Amendments of 1985" (Public Law 99-238) which increased rates 3.1 percent effective December 1, 1985 at an estimated cost of $272 million. In addition, veteran caseload is slightly higher than previously projected, based on the 1985 trend experience, where accession were higher than projected.

The decrease of $64.6 million in the 1987 estimate is due to the continued decline in caseload (20,800), and average payment for veterans. The caseload estimate reflects the continued trend decline, while the reduction in the veterans average benefit payment is due to anticipated declines in the average degree of disability, number of dependents per case and veteran cases with dependents.

PROGRAM HIGHLIGHTS

Of the 2,582,828 veterans receiving benefits in 1985, 686,161 received additional compensation for 1,089,513 dependents which include spouses, children and parents. Payments for survivor benefited 261,299 spouses, 52,532 children and 75,024 parents of deceased veterans.

The "Veterans' Benefits and Improvement Act of 1984" (Public Law 98-543) increased rates for veterans and survivors in receipt of compensation or DIC by 3.2 percent effective December 1, 1984. In addition the "Veterans Compensation Rate Increases and Training Amendments of 1985" (Public Law 99-238) increased rates for veterans and survivors by 3.1 percent effective December 1, 1985.

PROPOSED LEGISLATION

Legislation will be proposed, to be effective December 1, 1986, providing a 3.7 percent cost-of-living increase for veterans, dependency and indemnity compensation (DIC) spouses and children, and veteran clothing allowance at a cost of $305.5 million in 1987.

COMPENSATION
SUMMARY OF REQUIREMENTS
(OBLIGATION TOTALS IN THOUSANDS OF DOLLARS)

	1985			1986			1987		
	AVERAGE CASES	AVERAGE BENEFIT	TOTAL OBLIGATIONS	AVERAGE CASES	AVERAGE BENEFIT	TOTAL OBLIGATIONS	AVERAGE CASES	AVERAGE BENEFIT	TOTAL OBLIGATIONS
Compensation - Total	2,582,828	$3,970	$10,254,880	2,563,650	$4,084	$10,470,635	2,542,850	$4,092	$10,406,000
Veterans - Total	2,244,641	3,686	8,274,281	2,231,650	3,767	8,406,325	2,217,150	3,746	8,306,064
Spanish - American War	1	9,000	9	1	8,000	8	1	8,000	8
Mexican Border Period	2	10,000	20	2	6,500	13	2	6,500	13
World War I	13,515	4,244	57,362	11,010	4,293	47,270	8,845	4,227	37,391
World War II	1,063,479	3,509	3,731,378	1,031,140	3,591	3,703,286	997,270	3,579	3,569,422
Korean Conflict	223,886	4,146	928,320	220,750	4,238	935,558	217,525	4,216	917,079
Vietnam Era	599,473	3,823	2,292,011	607,460	3,924	2,383,508	615,215	3,919	2,411,001
Peacetime Service	344,285	3,675	1,265,181	361,287	3,700	1,336,682	378,292	3,625	1,371,150
Survivors Total	338,187	5,790	1,957,986	332,000	6,148	2,041,100	325,700	6,377	2,076,900
Civil War	2	5,000	10	2	4,500	9	2	4,500	9
Spanish - American War	79	6,291	497	71	6,423	456	62	6,500	403
Mexican Border Period	1	7,000	7	1	8,000	8	1	8,000	8
World War I	23,071	6,062	139,866	21,210	6,251	132,593	19,240	6,263	120,498
World War II	155,787	5,276	821,884	150,800	5,713	861,585	145,725	6,057	882,656
Korean Conflict	37,953	5,696	216,188	37,655	6,144	231,345	37,350	6,483	242,129
Vietnam Era	69,393	6,312	437,991	69,920	6,547	457,741	70,540	6,619	466,915
Peacetime Service	51,901	6,581	341,543	52,341	6,828	357,363	52,780	6,902	364,282
Clothing Allowance Total	(64,915)	348	22,613	(64,500)	360	23,210	(64,000)	360	23,036

1986 CHANGE IN REQUIREMENTS
(OBLIGATION TOTALS IN THOUSANDS OF DOLLARS)

	1986 Budget Estimate			1986 Current Estimate			Net Change		
	AVERAGE CASES	AVERAGE BENEFIT	TOTAL OBLIGATIONS	AVERAGE CASES	AVERAGE BENEFIT	TOTAL OBLIGATIONS	AVERAGE CASES	AVERAGE BENEFIT	TOTAL OBLIGATIONS
Compensation - Total	2,562,100	$3,976	$10,186,000	2,563,650	$4,084	$10,470,635	+ 1,550	$ + 109	$ + 284,635
Veterans - Total	2,227,100	3,687	8,210,732	2,231,650	3,767	8,406,325	+ 4,550	+ 80	+ 195,593
Spanish - American War	1	5,000	5	1	8,000	8	...	+ 3,000	+ 3
Mexican Border Period	1	12,000	12	2	6,500	13	+ 1	- 5,500	+ 1
World War I	11,000	4,244	46,684	11,010	4,293	47,270	+ 10	+ 49	+ 586
World War II	1,029,998	3,491	3,595,236	1,031,140	3,591	3,703,286	+ 1,142	+ 100	+ 108,050
Korean Conflict	221,000	4,161	919,581	220,750	4,238	935,558	- 250	+ 77	+ 15,977
Vietnam Era	605,800	3,829	2,319,351	607,460	3,924	2,383,508	+ 1,660	+ 95	+ 64,157
Peacetime Service	359,300	3,701	1,329,863	361,287	3,700	1,336,682	+ 1,987	- 1	+ 6,819
Survivors Total	335,000	5,827	1,952,094	332,000	6,148	2,041,100	- 3,000	+ 321	+ 89,006
Civil War	3	5,333	16	2	4,500	9	- 1	- 833	- 7
Spanish - American War	67	6,045	405	71	6,423	456	+ 4	+ 378	+ 51
Mexican Border Period	1	9,000	9	1	8,000	8	...	- 1,000	- 1
World War I	20,700	6,300	130,416	21,210	6,251	132,593	+ 510	- 49	+ 2,177
World War II	153,500	5,277	810,093	150,800	5,713	861,585	- 2,700	+ 436	+ 51,492
Korean Conflict	38,100	5,660	215,655	37,655	6,144	231,345	- 445	+ 484	+ 15,690
Vietnam Era	70,129	6,325	443,590	69,920	6,547	457,741	- 209	+ 222	+ 14,151
Peacetime Service	52,500	5,703	351,910	52,341	6,828	357,363	- 159	+ 125	+ 5,453
Clothing Allowance Total	(66,400)	349	23,174	(64,500)	360	23,210	- (1,900)	+ 11	+ 36

Program Trends (cont'd)

Survivor compensation is payable to surviving spouses, children and dependent parents of a serviceperson or veteran who died from service-connected causes not the result of willful misconduct.

Composition of Survivor Compensation Cases

(as of September)

	Total Cases	Death Comp.	%	DIC	%
1980	357,971	57,837	16.2	300,134	83.8
1981	355,011	52,167	14.7	302,844	85.3
1982	350,357	46,958	13.4	303,399	86.6
1983	346,291	42,204	12.2	304,087	87.8
1984	341,702	36,707	10.7	304,995	89.3
1985	335,612	29,652	8.8	305,960	91.2

Survivor Compensation Cases and Beneficiaries

(as of September)

	Total Cases	Total Beneficiaries	Spouses	Children	Parents	Ben./Case
1981	355,011	433,931	246,837	74,571	112,523	1.22
1982	350,357	421,512	250,828	67,991	102,693	1.20
1983	346,291	410,719	254,568	62,054	94,097	1.19
1984	341,702	400,375	258,089	57,151	85,135	1.17
1985	335,612	388,855	261,299	52,532	75,024	1.16

Note: Program trend data as of September.

Program Trends (cont'd)

Death compensation is payable to the surviving spouse, unmarried children under 18 (or until 23 if attending a VA-approved school), helpless children, and dependent parents of servicepersons or veterans who died before January 1, 1957, from a service-connected cause not the result of willful misconduct.

Death Compensation Cases and Beneficiaries

(as of September)

	Total Cases	Total Beneficiaries	Spouses	Children	Parents	Benef./Case
1981	52,167	56,410	60	...	56,350	1.08
1982	46,958	50,414	54	...	50,360	1.07
1983	42,204	45,018	51	...	44,967	1.07
1984	36,707	38,976	47	...	38,929	1.06
1985	29,652	31,310	44	...	31,266	1.06

Dependency and indemnity compensation (DIC) is payable to surviving spouses, unmarried children under 18 (as well as certain helpless children and those between 18 and 23 if attending a VA-approved school) and certain parents of veterans or servicepersons whose service-connected death occurred on or after January 1, 1957. If the veteran's death occurred before January 1, 1957, his survivors have a right to elect dependency and indemnity compensation; however, they may not reelect to receive death compensation.

Dependency and Indemnity Compensation Cases and Beneficiaries

(as of September)

	Total Cases	Total Beneficiaries	Spouses	Children	Parents	Ben./Case
1981	302,844	377,521	246,777	74,571	56,173	1.25
1982	303,399	371,098	250,774	67,991	52,333	1.22
1983	304,087	365,701	254,517	62,054	49,130	1.20
1984	304,995	361,399	258,042	57,151	46,206	1.18
1985	305,960	357,545	261,255	52,532	43,758	1.17

NOTE: Program trend data as of September.

COMPENSATION

PROGRAM TRENDS

(as of September)

CHARACTERISTICS OF VETERANS COMPENSATION CASES

	Total Vets.	Vets. < 50%	%	Vets. ≥ 50 %	%	Vets. w/ dep.	%	No. of Dependents	Dep/Case	Avg. degree of disability
1981	2,279,070	1,776,395	77.9	502,675	22.1	705,453	31.0	1,190,460	1.69	30.82
1982	2,274,634	1,776,159	78.1	498,475	21.9	704,551	31.0	1,168,890	1.66	30.79
1983	2,263,335	1,771,285	78.3	492,050	21.7	695,243	30.7	1,131,372	1.63	30.71
1984	2,250,782	1,765,567	78.4	485,215	21.6	689,342	30.6	1,108,033	1.61	30.60
1985	2,240,277	1,760,263	78.6	480,014	21.4	686,161	30.6	1,089,513	1.59	30.52

DEGREE OF DISABILITY

(as of September)

	< 10%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
1981	26,654	887,477	357,713	317,872	186,679	114,799	123,519	76,428	38,898	14,086	134,945
1982	26,187	887,879	358,072	317,113	186,888	114,403	121,984	71,515	38,289	14,145	138,159
1983	25,649	887,107	356,938	315,519	186,072	113,606	119,871	67,647	37,728	14,081	139,117
1984	25,123	885,053	356,104	314,034	185,253	112,194	117,853	66,790	37,391	13,990	136,997
1985	24,538	883,230	355,393	312,584	184,518	111,503	115,908	65,847	36,998	14,035	135,723

Note: Program trend data as of September

PENSIONS

APPROPRIATION LANGUAGE

[COMPENSATION AND PENSIONS]

[For the payment of compensation, pensions, gratuities, and allowances, including burial awards, plot allowances, burial flags, headstones and grave markers, emergency and other officers' retirement pay, adjusted-service credits and certificates, and other benefits as authorized by law; and for payment of premiums due on commercial life insurance policies guaranteed under the provisions of article IV of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, $14,160,800,000, to remain available until expended.] (Department of Housing and Urban Development - Independent Agencies Appropriation Act, 1986).

For the payment of pension benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 15, 51, 53, 55, and 61; 92 Stat. 2508), $3,824,000,000, to remain available until expended.

EXPLANATION OF LANGUAGE CHANGE

It is proposed to split the Compensation and pensions appropriation into three separate appropriation accounts: "Compensation", "Pensions", and "Burial benefits and miscellaneous assistance". This structure is recommended in order to achieve a more informative presentation of the budgetary requirements for these major benefit programs. Adoption of this new appropriation structure would more closely correspond to a government-wide functional program classification and would facilitate program presentation.

"Pensions" when combined with "Compensation" and "Burial benefits and miscellaneous assistance" appropriations equals the 1986 Compensation and pensions appropriation of $14,160,800,000.

PROGRAM DESCRIPTION

Pensions is a needs based program and is paid to eligible veterans or their survivor(s). Veterans' entitlement is based on active duty service during a designated war period, disabilities considered permanent and total (veterans are generally considered disabled at age 65), and countable income below a given level. For survivorship cases, there is no disability requirement. The rate payable for both Disability and Death Pension is predicated on a recipient's income and the number of dependents for which additional benefits may be paid, as prescribed by law.

The "Veterans' and Survivors' Pension Improvement Act of 1978," effective January 1, 1979 (Public Law 95-588), revised the pension payment computation method for new accessions. Current beneficiaries are permitted to remain under the Public Law 86-211 program and are granted automatic increases in income limits according to the increase in the cost-of-living. Payments for Public Law 95-588 beneficiaries are computed by reducing dollar-for-dollar, their income from income standards specified in the act. Public Law 95-588 provides for automatic annual increases of the same percentage as Social Security, and effective on the same date, in order that pension payments will not be reduced solely as a result of Social Security payment increases.

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

Major Activities:	1985 Actual	1986 1 Estimate	1987 Estimate	Increase (+) Decrease (-)
Veterans				
Improved law	$ 2,036,797	$2,110,000	$2,167,950	$+57,950
Prior law	462,867	388,000	323,000	- 65,000
Old law	10,321	7,150	4,850	- 2,300
Total veterans..........	$ 2,509,985	$2,505,150	$2,495,800	$- 9,350
Survivors				
Improved law	$ 858,864	$ 923,050	$ 989,000	$+65,950
Prior law	458,693	388,000	324,300	-63,700
Old law	19,319	16,000	13,100	- 2,900
Total survivors.........	$ 1,336,876	$1,327,050	$1,326,400	$- 650
Vocational training........	$ 12	$ 1,800	$ 1,800	...
Total obligations.......	$ 3,846,873	$3,834,000	$3,824,000	$-10,000
Budget Authority	$ 3,809,870	$3,834,000	$3,824,000	$-10,000
Appropriation	4,006,400	3,838,000	3,824,000	-14,000
Transfers to other accounts	-196,530	-4,000	...	$+ 4,000
Outlays	$ 3,841,865	$3,835,000	$3,825,000	$-10,000
Caseload:				
Veterans	706,140	668,000	634,440	-33,560
Survivors	767,772	697,170	634,340	-62,830
Vocational training	(33)	(1,600)	(1,600)	...
Total	1,473,912	1,365,170	1,268,780	-96,390

SUMMARY OF BUDGET REQUEST

The Agency is requesting approval of a new appropriation account entitled "Pensions". It is also requesting an appropriation of $3,824,000,000, in 1987 for this new account.

The 1986 budget authority is $4 million lower than the original request. The surplus funds will be transferred to the "Compensation" Account.

The 1985 budget authority is $196.5 million lower than the appropriation. This is due to a transfer of $178.5 million to the "Compensation" account, and a transfer of $18 million to the "Readjustment benefits" account.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Major activities:			
Veterans			
Improved law	$2,150,200	$2,110,000	$-40,200
Prior law	392,200	388,000	- 4,200
Old law	7,500	7,150	- 350
Total veterans	$2,549,900	$2,505,150	$-44,750
Survivors			
Improved law	$ 889,700	$ 923,050	$+33,350
Prior law	380,900	388,000	+ 7,100
Old law	15,700	16,000	+ 300
Total survivors	$1,286,300	$1,327,050	$+40,750
Vocational Training	1,800	1,800	...
Total obligations	$3,838,000	$3,834,000	$- 4,000
Budget Authority	$3,838,000	$3,834,000	$- 4,000
Appropriation	$3,838,000	$3,838,000	...
Transfer to other accounts	...	-4,000	- 4,000
Outlays	$3,833,000	$3,835,000	$+ 2,000
Caseload:			
Veterans	676,100	668,000	- 8,100
Survivors	710,900	697,170	-13,730
Vocational training	(1,600)	(1,600)	...
Total	1,387,000	1,365,170	-21,830

The current estimate for 1986 obligations is $4 million lower than the original estimate. This is due to lower caseload projections for both veterans and survivors accompanied by lower average benefit payments for veterans. This was partially offset by higher benefit payments for all three survivor programs.

ANALYSIS OF INCREASES AND DECREASES-OBLIGATIONS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year obligations	$ 3,846,873	$ 3,834,000
Increases (+) and Decreases (-):		
Improved pension COLA increases	+ 98,800	+ 111,900
Pension caseload and average payment changes	- 111,673	- 121,900
Net Change	- 12,873	- 10,000
Estimated obligations	$ 3,834,000	$ 3,824,000

In 1986 obligations are projected to decline $12.9 million from the 1985 level. This is primarily due to the 131,533 decline in Prior and Old Law caseload from 1985. This is offset in part by an increase of 22,791 in the Improved Law caseload. The cost-of-living adjustments, however, will increase the cost of that program by $98.8 million in 1986.

The 1987 decline of $10 million is also the result of declining caseload partially offset by the projected 3.7 percent increased in the cost-of-living adjustment.

SUMMARY OF WORKLOADS AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Caseload:					
Veterans:					
Improved law	409,124	420,300	420,100	428,450	+ 8,350
Prior law	285,969	247,100	240,200	200,750	-39,450
Old law	11,047	8,700	7,700	5,240	- 2,460
Total veterans	706,140	676,100	668,000	634,440	-33,560
Survivors:					
Improved law	243,795	249,600	255,610	265,925	+10,315
Prior law	494,431	435,800	417,230	348,555	-68,675
Old law	29,546	25,500	24,330	19,860	- 4,470
Total survivors	767,772	710,900	697,170	634,340	-62,830
Vocational training	(33)	(1,600)	(1,600)	(1,600)	...
Total cases	1,473,912	1,387,000	1,365,170	1,268,780	-96,390
Average Benefit Payment (in whole dollars):					
Veterans:					
Improved law	$ 4,978	$5,116	$ 5,023	$5,060	$+ 37
Prior law	1,619	1,587	1,615	1,609	- 6
Old law	934	862	979	926	- 3
Total veterans	$ 3,555	$ 3,772	$ 3,750	$3,934	+ 184
Survivors:					
Improved law	$ 3,523	$ 3,565	$ 3,611	$ 3,719	$+ 108
Prior law	928	874	930	930	...
Old law	654	616	658	660	+ 2
Total survivors	$ 1,741	$ 1,809	$ 1,903	$ 2,091	$+ 188
Vocational training	364	$ 1,125	$ 1,125	$ 1,125	...
Total average benefit payment	$ 2,610	$ 2,767	$ 2,808	$ 3,014	$+ 206
Obligations:					
Veterans:					
Improved law	$2,036,797	$2,150,200	$2,110,000	$2,167,950	$+ 57,950
Prior law	462,867	392,200	388,000	323,000	- 65,000
Old law	10,321	7,500	7,150	4,850	- 2,300
Total veterans	$2,509,985	$2,549,900	$2,505,150	$2,495,800	$- 9,350
Survivors:					
Improved law	$ 858,864	$ 889,700	$ 923,050	$ 989,000	$+ 65,950
Prior law	458,693	380,900	388,000	324,300	- 63,700
Old law	19,319	15,700	16,000	13,100	- 2,900
Total survivors	$1,336,876	$1,286,300	$1,327,050	$1,326,400	$- 650
Vocational training	$ 12	$ 1,800	$ 1,800	$ 1,800	...
Total obligations	$3,846,873	$3,838,000	$3,834,000	$3,824,000	$- 10,000

The average caseload of the pension program decreased by 122,013 cases in 1985 from the 1984 average caseload of 1,595,925. During 1985, 115,317 new cases began receiving Improved Law Pension benefits, while at the same time 251,722 cases were terminated from all three Pensions programs for various reasons such as death, excess income, failure to file, and age limitation for children. The caseload decline is expected to continue with projections of 1,365,170 in 1986 and 1,268,780 in 1987 due to terminations in all programs exceeding accessions to the Improved Law program.

The 1986 current estimate of caseload is 21,830 lower than the budget estimate as a result of the caseload decline experienced in 1985 being greater than anticipated.

The decline of $10 million from 1986 to 1987 is due to further reductions in Prior and Old Law pension programs as a result of terminations and slightly lower average benefit payments which are not fully offset by Improved Law accessions and automatic COLA increases.

PROGRAM HIGHLIGHTS

The income standards for Improved Law cases are legislated (Public Law 95-588) to be increased by the same percentage and at the same time as social security benefits. With the enactment of the "Social Security Amendments of 1983 (Public Law 98-21), the effective date of increase to social security benefits has been changed from June 1 to December 1 of each year.

The cost-of-living increase in improved pension benefits effective December 1, 1985, increased the maximum annual pension payments by 3.1 percent and are shown below:

Veteran without dependents	$5,886	Surviving spouse without dependents	$3,944
Veteran with one dependent	$7,710	Surviving spouse with one dependent	$5,167
Each additional dependent	$ 999	Each additional dependent	$ 999

Veterans entitled to pension based on Mexican Border Period or World War I service receive an additional $1,329 annually. Veterans and surviving spouses with entitlement to housebound or aid and attendance receive higher rates due to their severe disability.

The Veterans Administration also pays a $200 per month special pension for Medal of Honor recipients. There were 249 veterans receiving this pension in 1985 and this number is expected to decline to 245 in 1986 and 240 in 1987.

PENSIONS
SUMMARY OF REQUIREMENTS
(OBLIGATION TOTALS IN THOUSANDS OF DOLLARS)

	1985			1986			1987		
	AVERAGE CASES	AVERAGE BENEFIT	TOTAL OBLIGATIONS	AVERAGE CASES	AVERAGE BENEFIT	TOTAL OBLIGATIONS	AVERAGE CASES	AVERAGE BENEFIT	TOTAL OBLIGATIONS
Pensions - Total	1,473,912	$2,610	$3,846,873	1,365,170	$2,808	$3,834,000	1,268,780	$3,014	$3,824,000
Veterans - Total	706,140	3,555	2,509,985	668,000	3,750	2,505,150	634,440	$3,934	2,495,800
Spanish - American War	15	3,000	45	12	2,083	25	10	1,600	16
Mexican Border Period	75	4,213	316	64	4,891	313	56	5,518	309
World War I	62,737	3,909	245,240	47,200	4,523	213,498	34,880	5,176	180,556
World War II	535,820	3,282	1,758,778	510,919	3,424	1,749,201	487,659	3,582	1,746,825
Korean Conflict	85,684	4,522	387,489	86,900	4,754	413,099	88,000	4,899	431,137
Vietnam Era	21,803	5,417	118,116	22,900	5,634	129,013	23,830	5,747	136,956
Peacetime Service	6	140	1	5	140	1	5	140	1
Survivors Total	767,772	1,741	1,336,876	697,170	1,903	1,327,050	634,340	2,091	1,326,400
Indian Wars	21	1,048	22	18	889	16	15	867	13
Civil War	95	958	91	82	890	73	72	889	64
Spanish - American War	6,956	1,664	11,572	6,020	1,718	10,342	5,210	1,797	9,360
Mexican Border Period	311	1,675	521	253	2,178	551	198	2,505	496
World War I	304,905	1,623	494,787	267,400	1,857	496,688	234,095	2,162	506,224
World War II	378,752	1,813	686,546	354,823	1,903	675,203	333,068	1,994	664,118
Korean Conflict	55,363	1,994	110,418	49,490	2,270	112,343	44,947	2,570	115,492
Vietnam Era	21,365	1,541	32,919	19,082	1,668	31,834	16,733	1,831	30,633
Peacetime Service	4	131	*	2	131	*	2	131	*
Vocational Training (Chapter 15)	(33)	364	12	(1,600)	1,125	1,800	(1,600)	1,125	1,800

* less than $500

1986 CHANGE IN REQUIREMENTS
(OBLIGATION TOTALS IN THOUSANDS OF DOLLARS)

	1986 Budget Estimate			1986 Current Estimate			Net Change		
	AVERAGE CASES	AVERAGE BENEFIT	TOTAL OBLIGATIONS	AVERAGE CASES	AVERAGE BENEFIT	TOTAL OBLIGATIONS	AVERAGE CASES	AVERAGE BENEFIT	TOTAL OBLIGATIONS
Pensions - Total	1,387,000	$2,767	$3,838,000	1,365,170	$2,808	$3,834,000	-21,830	$ + 41	$ - 4,000
Veterans - Total	676,100	3,771	2,549,900	668,000	3,750	2,505,150	- 8,100	- 21	- 44,750
Spanish - American War	9	3,222	29	12	2,083	25	+ 3	-1,139	- 4
Mexican Border Period	53	4,226	224	64	4,891	313	+ 11	+ 665	+ 89
World War I	51,123	3,984	203,679	47,200	4,523	213,498	- 3,923	+ 539	+ 9,819
World War II	514,158	3,455	1,776,459	510,919	3,424	1,749,201	- 3,239	- 31	- 27,258
Korean Conflict	87,125	4,924	429,026	86,900	4,754	413,099	- 225	- 170	- 15,927
Vietnam Era	23,629	5,945	140,482	22,900	5,634	129,013	- 729	- 311	- 11,469
Peacetime Service	5	144	1	5	140	1		- 4	
Survivors Total	710,900	1,809	1,286,300	697,170	1,903	1,327,050	-13,730	+ 94	+ 40,750
Indian Wars	15	933	14	18	889	16	+ 3	- 44	+ 2
Civil War	74	892	66	82	890	73	+ 8	- 2	+ 7
Spanish - American War	6,138	1,731	10,622	6,020	1,718	10,342	- 118	- 13	- 280
Mexican Border Period	271	1,509	409	253	2,178	551	- 18	+ 669	+ 142
World War I	277,379	1,632	452,572	267,400	1,857	496,688	- 9,979	+ 225	+ 44,116
World War II	358,152	1,926	689,762	354,823	1,903	675,203	- 3,329	- 23	- 14,559
Korean Conflict	48,747	2,098	102,254	49,490	2,270	112,343	+ 743	+ 172	+ 10,089
Vietnam Era	20,120	1,521	30,600	19,082	1,668	31,834	- 1,038	+ 147	+ 1,234
Peacetime Service	4	167	1	2	131	*	- 2	- 36	*
Vocational Training (Chapter 15)	(1,600)	1,125	1,800	(1,600)	1,125	1,800	---	---	---

* less than $500

BURIAL BENEFITS AND MISCELLANEOUS ASSISTANCE

APPROPRIATION LANGUAGE

[COMPENSATION AND PENSIONS]

[For the payment of compensation, pensions, gratuities, and allowances, including burial awards, plot allowances, burial flags, headstones and grave markers, emergency and other officers' retirement pay, adjusted-service credits and certificates, and other benefits as authorized by law; and for payment of premiums due on commercial life insurance policies guaranteed under the provisions of article IV of the Soldiers' and Sailors Civil Relief Act of 1940, as amended, $14,160,800,000, to remain available until expended.] (Department of Housing and Urban Development - Independent Agencies Appropriation Act, 1986.)

For the payment of burial benefits, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of article IV of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, and for other benefits as authorized by law (38 U.S.C. 107, 412, 777, and 806, chapters 23, 51, 53, 55 and 61; 50 U.S.C. App. 540-548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198), $134,400,000, to remain available until expended.

EXPLANATION OF LANGUAGE CHANGE

It is proposed to split the Compensation and pensions appropriation into three separate appropriation accounts: "Compensation", "Pensions", and "Burial benefits and miscellaneous assistance". This structure is recommended in order to achieve a more informative presentation of the budgetary requirements for these major benefit programs. Adoption of this new appropriation structure would more closely correspond to a government-wide functional program classification and facilitate program presentation.

"Burial benefits and miscellaneous assistance" when combined with "Compensation" and "Pensions" appropriations equals the 1986 Compensation and pensions appropriation of $14,160,800,000.

PROGRAM DESCRIPTION

The Burial benefits program provides for: (a) the payment of an allowance of $300 (plus transportation charges where death occurs under VA care) to reimburse in part, the burial and funeral expenses of an eligible deceased veteran; (b) the payment of an allowance of $150 for a plot allowance where an eligible veteran is not buried in a national cemetery or other cemetery under the jurisdiction of the United States; (c) the payment of a burial allowance up to $1,100 when a veteran dies as the result of service-connected disability; (d) a flag to drape the casket of each deceased veteran entitled thereto; (e) a headstone or marker for the grave of the veteran and in certain cases eligible dependents or; (f) provide an allowance towards the headstone purchase.

Miscellaneous assistance serves to meet the needs of a select group of servicepersons, veterans and survivors, and provides for the following:

Retired Officers - Emergency officers of World War I and certain officers of the Regular Establishment who have retired because of service-connected disability are entitled to special benefits.

Adjusted Service and Dependence Pay - Claims made pursuant to the provisions of The World War Adjusted Compensation Act of 1924, as amended, are payable from this appropriation.

Special Allowance Dependent - Under certain conditions, a special allowance is payable to dependents of certain veterans who died after December 31, 1956, but who were not fully and currently insured under the Social Security Act (38 U.S.C. 412).

Mortgage Insurance - Public Law 92-95, approved August 11, 1971, provides mortgage protection life insurance for service-connected disabled veterans who have received grants for specially adapted housing. The maximum amount of this insurance is $40,000.

Soldiers' and Sailors' Civil Relief - Claims arising from the guarantee of premiums due on commercial life insurance policies held by servicepersons while in service and for two years after discharge are payable from this appropriation. This activity was formerly under the Soldiers' and sailors' civil relief fund.

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:				
Burial Benefits:				
Burial allowances..........	$ 53,240	$ 50,464	$ 51,568	$+ 1,104
Burial plot...............	45,214	45,106	47,900	+ 2,794
Flags, markers/allowances..	27,595	26,488	28,614	+ 2,126
Total burial benefits.....	$126,049	$122,058	$128,082	$+ 6,024
Miscellaneous Assistance:				
Retired officers...........	$ 1,050	$ 705	$ 700	$- 5
Mortgage Insurance.........	4,700	4,496	4,800	+ 304
All other..................	773	740	818	+ 78
Total misc. assistance....	$ 6,523	$ 5,941	$ 6,318	$+ 377
Total obligations...............	$132,572	$127,999	$134,400	$+ 6,401
Budget Authority	$132,572	$127,999	$134,400	$+ 6,401
Appropriation.............	$142,200	$136,800	$134,400	$- 2,400
Administrative transfer....	$- 9,628	$- 3,000	...	$+ 3,000
Sequestered (PL 99-177)....	...	$- 5,801	...	$+ 5,801
Outlays.........................	$132,572	$128,007	$134,392	$+ 6,385
Legislative Initiatives:	...	...	$-31,200	$-31,200
Obligations (adjusted).......	$132,572	$127,999	$103,200	$-24,799
Budget Authority (adjusted)..	$132,572	$127,999	$103,200	$-24,799
Outlays (adjusted)..........	$132,572	$128,007	$103,192	$-24,815

SUMMARY OF BUDGET REQUEST

The Agency is requesting approval of a new appropriation account entitled "Burial benefits and miscellaneous assistance". It is requesting an appropriation of $134,400,000, in 1987 for this new account.

Legislation is being proposed to make the eligibility requirements for burial plot allowances the same as those for burial allowances. Enactment of this proposal will reduce the 1987 appropriation request by $31.2 million.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate 1/	Current Estimate			Current Est. vs. Budget
		PL 99-160 with Adj. 2/	PL 99-177 Adj. 3/	Current Estimate	
Major Activities:					
Burial Benefits					
Burial allowances...........	$ 52,631	$ 52,751	$-2,287	$ 50,464	$-2,167
Burial plot.................	51,150	47,150	-2,044	45,106	-6,044
Flags, markers/allowances...	26,910	27,688	-1,200	26,488	- 422
Total burial benefits......	$130,691	$127,589	$-5,531	$122,058	$-8,633
Miscellaneous Assistance					
Retired officers............	$ 731	$ 737	$- 32	$ 705	$- 26
Mortgage Insurance..........	4,400	4,700	- 204	4,496	+ 96
All other...................	978	774	- 34	740	- 238
Total misc. assistance.....	$ 6,109	$ 6,211	$- 270	$ 5,941	$- 168
Total obligations..............	$136,800	$133,800	$-5,801	$127,999	$-8,801
Appropriation..................	$136,800	$136,800	$ ...	$136,800	...
Budget authority...............	$136,800	$133,800	$-5,801	$127,999	$-8,801
Outlays........................	$136,800	$133,800	$-5,793	$128,007	$-8,793

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The "Balanced Budget and Emergency Deficit Control Act of 1985" (Public Law 99-177) mandates sequestration to achieve targeted deficit levels. The amount sequestered for this appropriation is $5,801,000.

ANALYSIS OF INCREASES AND DECREASES-OBLIGATIONS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year obligations	$ 132,572	$ 127,999
Increases (+) and Decreases (-):		
Benefit rate increase to Title 38 rates	...	+ 5,801
Burial workload and average payment changes	+ 1,540	+ 493
Miscellaneous workloads and average payment changes	- 312	+ 107
PL 99-177 Sequestration of funds	- 5,801	...
Net change	- 4,573	+ 6,401
Estimated obligations	$ 127,999	$ 134,400

The decline in obligations of $4.6 million form 1985 to 1986 is attributable to the "Balanced Budget and Emergency Deficit Control Act of 1985" (Public Law 99-177) which mandates sequestration to achieve targeted deficit levels. The amount sequestered for this appropriation is $5.8 million.

The increase in obligations of $6.4 million in 1987 is caused by an increase in benefit payments to Title 38 levels, and an overall increase in burial workloads, except for the basic burial allowance, due to a continuing higher death rate of the aging veteran population. The basic allowance is declining in line with the general decline in Compensation and Pensions veteran beneficiaries. There will also be greater Government contributions to the veterans mortgage life insurance program, consistent with higher mortgage values.

SUMMARY OF WORKLOADS AND OBLIGATIONS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
WORKLOADS:					
Burial Benefits:					
Burial allowance	123,523	121,000	120,700	116,000	- 4,700
Burial Plot	305,326	341,000	315,000	320,000	+ 5,000
Service-connected deaths	8,748	8,500	8,500	8,500	...
Burial flags	340,592	360,000	350,000	360,000	+10,000
Headstone/markers	262,211	235,000	245,000	250,000	+ 5,000
Headstone allowance	52,196	57,000	53,500	56,000	+ 2,500
Miscellaneous Assistance:					
Retired officers	88	85	78	72	- 6
Adjusted service and dep. pay.	7	20	20	25	+ 5
Special allowance dep.	227	225	222	217	- 5
Mortgage insurance	5,792	5,920	5,700	5,600	- 100
OBLIGATIONS:					
Burial Benefits:					
Burial allowance	$ 44,426	$ 44,131	$ 42,022	$ 42,643	$+ 621
Burial plot	45,214	51,150	45,106	47,900	+ 2,794
Service-connected deaths	8,814	8,500	8,442	8,925	+ 483
Burial flags	9,199	8,820	9,088	9,835	+ 747
Headstone/markers	14,899	14,100	13,967	14,945	+ 978
(Transportation costs/non add)	(2,832)	(3,000)	(2,961)	(3,138)	(+ 177)
Headstone allowance	3,497	3,990	3,433	3,834	+ 401
Subtotal	$126,049	$130,691	$127,058	$128,082	$+ 6,024
Miscellaneous Assistance:					
Retired officers	$ 1,050	$ 731	$ 705	$ 700	$- 5
Adjusted service and dep. pay.	2	18	13	18	+ 5
Special allowance dep.	771	960	727	800	+ 73
Mortgage insurance	4,700	4,400	4,496	4,800	+ 304
Subtotal	$ 6,523	$ 6,109	$ 5,941	$ 6,318	$+ 377
Total obligations	$132,572	$136,800	$127,999	$134,400	$+ 6,401

PENSION PROGRAM TRENDS
(as of September)

"Old Law" refers to the pension program in existence prior to July 1, 1960 in which the benefit rate is fixed for all eligibles, regardless of specific countable income. Current income limits are $5,860 for veterans and surviving spouses without dependents, $8,452 for veterans and surviving spouses with dependents, and $5,860 for surviving children.

Composition of "Old Law" Pension Cases

	Veterans				Surviving Spouse				Children Alone
Year	Number	%	Veterans Alone	Veterans w/Dependents	Number	%	Surv. Spouse Alone	Surv. Spouse w/children	
1981	29,725	3.4	9,931	19,794	49,344	5.7	48,896	448	1,036
1982	23,978	2.9	8,136	15,842	44,040	5.4	43,641	399	993
1983	19,057	2.4	7,251	11,806	39,201	5.0	38,834	367	948
1984	13,136	1.8	5,149	7,987	31,513	4.4	31,213	300	902
1985	9,589	1.4	3,923	5,666	26,487	3.9	26,239	248	855

"Prior Law" refers to the pension program in existence between July 1, 1960 and January 1, 1979. Benefit rates were established by formula, and reduced for each dollar of countable income. Current income limits under this law are $6,695 for veterans and surviving spouses without dependents, $9,002 for veterans and surviving spouses with dependents, and $5,471 for surviving children.

Composition of "Prior Law" Pension Cases

1981	504,596	57.7	153,035	351,561	628,049	73.0	558,519	69,539	189,875
1982	433,296	52.6	131,930	301,366	572,205	69.9	516,234	55,971	155,798
1983	374,739	48.0	115,543	259,196	522,212	66.9	477,326	44,886	125,041
1984	311,890	42.8	97,487	214,403	448,726	62.7	413,895	34,831	89,310
1985	266,005	38.5	83,628	182,377	398,058	59.3	370,530	27,528	68,611

"Improved Law" refers to the pension program in existence since January 1, 1979. Benefits are established by income standards are $5,886 for veterans without dependents, $7,710 for veterans with one dependent, $3,944 for a surviving spouse without dependents, $5,167 for a surviving spouse with one dependent, and $999 for surviving children

Composition of "Improved Law" Pension Cases

1980	280,272	30.4	179,187	101,085	145,632	16.2	140,494	5,138	1,302
1981	340,463	38.9	214,623	125,840	182,893	21.3	176,111	6,782	1,903
1982	376,054	44.5	229,510	137,544	202,161	24.7	194,472	7,689	2,319
1983	386,719	49.6	240,962	145,757	219,412	28.1	210,727	8,685	2,903
1984	404.494	55.4	251,178	153,316	235,992	32.9	226,229	9,763	3,402
1985	414,798	60.1	257,703	157,095	247,161	36.8	237,510	9,651	3,773

AVERAGE COUNTABLE INCOME OF VETERANS
(as of April)

Year	"Old Law" Vets Alone	"Old Law" Vets w/deps.	"Prior Law" Vets Alone	"Prior Law" Vets w/deps.	"Improved Law" Vets Alone	"Improved Law" Vets w/deps.
1981	$2,004	$2,782	$1,788	$2,388	$1,473	$2,136
1982	$2,030	$2,821	$1,827	$2,382	$1,675	$2,533
1983	$2,149	$2,872	$1,852	$2,369	$1,772	$2,251
1984	$2,116	$2,804	$1,869	$2,344	$1,953	$3,121
1985	$2,148	$2,804	$1,888	$2,311	$2,098	$3,366

AVERAGE COUNTABLE INCOME OF SURVIVORS
(as of April)

Year	"Old Law Surv. Spouse Alone	"Old Law Surv. Spouse w/children	"Old Law Surv. children 1/	Prior Law Surv. Spouse Alone	Prior Law Surv. Spouse w/children	Prior Law Surv. children 1/	"Improved Law" Surv. Spouse Alone	"Improved Law" Surv. Spouse w/children	"Improved Law" Surv. children
1981	$2,282	$2,729	*	$1,781	$1,776	*	$537	$1,401	$116
1982	$2,290	$2,765	*	$1,795	$1,780	*	$648	$1,737	$124
1983	$2,295	$2,766	*	$1,739	$1,739	*	$746	$1,757	$107
1984	$2,260	$2,728	$ 922	$1,789	$1,707	$1,951	$833	$1,976	$119
1985	$2,269	$2,736	$1,029	$1,682	$1,746	$1,896	$1,022	$2,098	$108

1/ After Entitlement is established for surviving child cases, there is no requirement for an annual submission of income data.

while the number of basic allowances is declining in line with the general decline in the Compensation and Pensions workload, a projection of a continuing higher mortality rate is affecting all other areas of the burial benefits program administered by the Agency. Under miscellaneous assistance greater Government contributions to veterans mortgage life insurance will be partially offset by lower obligations for retired officers.

PROGRAM HIGHLIGHTS

In 1985, the Veterans Administration provided payments for 132,271 burial allowances and 305,326 burial plots. In 1986, payments for burial allowances are projected to be 129,200, while burial plots will increase to 315,000. The 1987, projection for burial allowances is 124,500 and 320,000 for burial plots. These increases are the result of a higher death rate of the aging veteran population.

Under miscellaneous assistance the Agency provided benefit payments for 88 retired officers in 1985, and made contributions to veterans mortgage life insurance (VMLI) for 5,792 service-connected veterans. The 1986 projection for retired officers is [illegible] and contributions to VMLI will benefit 5,700 veterans. In 1987, the number of retired officers is projected at 72, while contributions to VMLI will benefit 5,600 service-connected veterans.

PROPOSED LEGISLATION

Legislation will be proposed to make the eligibility requirements for the burial plot allowance the same as those for the basic burial allowance; that is limit eligibility to veterans with a serivce-connected disability, veterans in receipt of pension, and certain other limited categories of war-time veterans. It is estimated that the savings from this proposal will be $31.2 million in 1987.

BURIAL BENEFITS AND MISCELLANEOUS ASSISTANCE
SUMMARY OF REQUIREMENTS
(OBLIGATION TOTALS IN THOUSANDS OF DOLLARS)

	1985			1986			1987		
	Workload	Average Benefit	Total Obligations	Workload	Average Benefit	Total Obligations	Workload	Average Benefit	Total Obligations
Total Burial and Miscellaneous			$132,572			$127,999			$134,400
Burial Benefits-Total			126,049			122,058			128,082
Burial Allowance	123,523	$360	44,426	120,700	$348	42,022	116,000	$368	42,643
Burial Plot	305,326	148	45,214	315,000	143	45,106	320,000	150	47,900
Service Connected Deaths	8,748	1,008	8,814	8,500	993	8,442	8,500	1,050	8,925
Burial Flags	340,592	27	9,199	350,000	26	9,088	360,000	27	9,835
Headstone/Markers	262,211	57	14,899	245,000	57	13,967	250,000	60	14,945
Headstone Allowance	52,196	67	3,497	53,500	64	3,433	56,000	68	3,834
Miscellaneous Assistance - Total.			6,523			5,941			6,318
Retired Officers	88	11,932	1,050	78	9,038	705	72	9,722	700
Adjusted Service & Dep.Pay	7	286	2	20	650	13	25	720	18
Special Allowance Dep.	227	3,396	771	222	3,275	727	217	3,687	800
Mortgage Insurance	5,792	811	4,700	5,700	789	4,496	5,600	857	4,800

1986 CHANGE IN REQUIREMENTS

(OBLIGATION TOTALS IN THOUSANDS OF DOLLARS)

	1986 Budget Estimate			1986 Current Estimate			Net Change		
	Workload	Average Benefit	Total Obligations	Workload	Average Benefit	Total Obligations	Workload	Average Benefit	Total Obligations
Total Burial and Miscellaneous			$136,800			$127,999			$ -8,801
Burial Benefits-Total			130,691			122,058			-8,633
Burial Allowance	121,000	$365	44,131	120,700	$348	42,022	- 300	- 17	-2,109
Burial Plot	341,000	150	51,150	315,000	143	45,106	-26,000	- 7	-6,044
Service Connected Deaths	8,500	1,000	8,500	8,500	993	8,442	...	- 7	- 58
Burial Flags	360,000	25	8,820	350,000	26	9,088	-10,000	+ 1	+ 268
Headstone/Markers	235,000	60	14,100	245,000	57	13,967	+10,000	- 3	- 133
Headstone Allowance	57,000	70	3,990	53,500	64	3,433	- 3,500	- 6	- 557
Miscellaneous Assistance - Total .			6,109			5,941			- 168
Retired Officers	85	8,600	731	78	9,038	705	- 7	+438	- 26
Adjusted Service & Dep.Pay	20	900	18	20	650	13	...	-250	- 5
Special Allowance Dep.	225	4,267	960	222	3,275	727	- 3	-992	- 233
Mortgage Insurance	5,920	743	4,400	5,700	789	4,496	- 220	+ 46	+ 96

READJUSTMENT BENEFITS

APPROPRIATION LANGUAGE

For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by law (38 U.S.C chapters 21, 30, 31, 34-36, 39, 51, 53, 55, and 61), [$826,000,000] $741,150,000, to remain available until expended. (Department of Housing and Urban Development - Independent Agencies Appropriation Act, 1986).

EXPLANATION OF LANGUAGE CHANGE

Language is being changed to include payments to veterans training under the provisions of chapter 30 of title 38, U.S.C.

PROGRAM DESCRIPTION

The Readjustment benefits account makes payments to eligible veterans to assist in their readjustment to civilian life after military service. Payments to eligible dependents are also made from this account. The following program activities are funded from this appropriation:

Education and training - Vietnam era veterans: This program provides educational assistance allowances, mainly on a monthly basis, in order to restore lost educational opportunities to those individuals whose careers were interrupted or impeded by reason of active military service after January 31, 1955 and before January 1, 1977. Currently, the basic monthly rate for full-time institutional training by a single veteran is $376. A single veteran in the first six months of an on-the-job/apprenticeship program receives $274 per month. Additional amounts are paid for dependents, and rates for half and three-quarter time institutional training are proportional to the full-time rates. Veterans training on a less than half-time basis, as well as certain persons training while on active military duty, are paid a lump-sum allowance to cover charges for tuition and fees, provided these charges do not exceed $376 per month for a full-time course. Trainees pursuing flight training generally receive 60% of the established charges for the course while correspondence trainees receive 55% of such charges. Public Law 98-35 prohibited new enrollments into flight training after August 31, 1981. Single trainees in cooperative and farm cooperative programs receive $304 a month for full-time training. Tutorial assistance and work study allowances are available to eligible veterans.

Education and training - dependents: This program provides benefits to children and spouses of veterans who died of a service-connected disability or whose service-connected disability is rated permanent and total. In addition, dependents of servicepersons missing in action or interned by a hostile foreign government for more than 90 days are also eligible under this program. Currently, the monthly rate for full-time institutional training is $376. Other types of authorized training include on-the-job/apprenticeship and cooperative farm training. Correspondence training is permitted for dependent spouses.

Special assistance to disabled veterans - vocational rehabilitation: This program provides benefits to disabled veterans enrolled in a program of vocational rehabilitation. A monthly subsistence allowance, currently $310 a month is paid to a single veteran in full-time institutional training in addition to an allowance for tuition, books, supplies and equipment. Also included in this program are provisions for extended evaluation of seriously disabled veterans and a program of independent living for those veterans unable to participate in a regular vocational rehabilitation program.

Special assistance to disabled veterans - housing grants: This program provides grants of up to $35,500 to aid certain permanent and totally disabled veterans in acquiring a specially adapted housing unit with such fixtures or movable facilities as are made necessary by the nature of the veterans's disability. Veterans with service-connected blindness or the loss or loss of use of both upper extremities may receive a grant of up to $6,000.

Special assistance to disabled veterans - automobile grants and adaptive equipment: This program provides for a one-time grant of up to $5,000 for the purchase of an automobile or other conveyance for certain severely disabled veterans and servicepersons. It also provides for such adaptive equipment as is deemed necessary to insure safe operation of the vehicle. Veterans suffering from service-connected ankylosis of one or both knees or hips are eligible for only the adaptive equipment. Replacement or repair of adaptive equipment is also authorized.

All volunteer force educational assistance-veterans: This program was established by Public Law 98-525, enacted October 19, 1984. It will provide educational assistance to veterans whose initial entry on active duty takes place during the period beginning July 1, 1985 and ending June 30, 1988. Eligible veterans must have agreed to have their military pay reduced $100 per month for their first 12 months of active duty in order to participate in the program. There will be several levels of benefits available depending on military skill and length of service. The Readjustment benefits account will pay only the basic allowance, up to a maximum of $300 per month for full-time training. Supplemental benefits will be paid by the Department of Defense.

All volunteer force educational assistance-Reservists: Public Law 98-525 established an educational program for certain members of the Selected Reserve. Eligible persons can receive up to $140 per month for full-time training. The Department of Defense and the Department of Transportation will pay for this program while the Veterans Administration will administer it.

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:				
Education and training...........	$1,029,783	$773,919	$617,421	$-156,498
Special assistance to disabled veterans........................	138,189	126,692	129,829	+ 3,137
All volunteer force educational assistance......................	196	41,113	70,831	+ 29,718
Total obligations................	$1,168,168	$941,724	$818,081	$-123,643
Unobligated balance:				
Start of year....................	- 57,962	- 17,042	...	+ 17,042
Transfer, net....................	3,748	- 6,000	- 6,500	- 500
End of year......................	17,042	...	...	...
Offsetting collections...........	- 196	- 41,113	- 70,431	- 29,318
Budget Authority:................	$1,130,800	$877,569	$741,150	$-136,419
Appropriation....................	1,137,800	826,000	741,150	- 84,850
Transfer to other accounts (net).	-7,000	...	...	...
Sequestered (PL 99-177)..........	...	- 39,431	...	+ 39,431
Supplemental.....................	...	91,000	...	- 91,000
Outlays..........................	$1,173,667	$910,422	$754,897	$-155,525
Workload:				
Number of trainees:				
Vietnam era veterans.............	402,281	321,100	252,200	- 68,900
Dependents.......................	61,958	51,800	42,400	- 9,400
Vocational rehabilitation........	26,901	26,000	25,500	- 500
Peacetime veterans...............	...	...	800	+ 800
Reservists.......................	1,160	55,900	81,600	+ 25,700
Number of grants and items:				
Housing grants...................	540	455	390	- 65
Automobile grants................	919	650	550	- 100
Adaptive equipment...............	9,086	7,500	7,300	- 200

SUMMARY OF BUDGET REQUEST

This request represents a decrease of $136.4 million when compared to the $877.6 million required for 1986. The primary factor for the decrease is the reduction in the number of Vietnam era trainees. Obligations of $818.1 million will be funded by this appropriation, transfers of $70.4 million from the Department of Defense and the Department of Transportation and a transfer of $6.5 million from the Education Loan Fund.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate 1/	Current Estimate			Current Estimate vs. Budget
		P.L. 99-160 with Adj. 2/	P.L. 99-177 Adj. 3/	Current Estimate	
Major Activities:					
Education and training.........	$ 892,803	$807,804	$-33,885	$773,919	$-118,884
Special assistance to disabled veterans......................	140,197	132,238	- 5,546	126,692	- 13,505
All volunteer force educational assistance....................	8,300	41,113	...	41,113	+ 32,813
Obligations....................	$1,041,300	$981,155	$-39,431	$941,724	$- 99,576
Budget authority................	$1,026,000	$917,000	$-39,431	$877,569	$-148,431
Outlays.........................	$1,034,500	$949,100	$-38,678	$910,422	$-124,078
Workload:					
Number of trainees:					
Vietnam era veterans...........	342,700	321,100	...	321,100	- 21,600
Dependents.....................	54,300	51,800	...	51,800	- 2,500
Vocational rehabilitation......	28,400	26,000	...	26,000	- 2,400
Number of grants and items:					
Housing grants.................	405	455	...	455	+ 50
Automobile grants..............	650	650	...	650	...
Adaptive equipment.............	6,600	7,500	...	7,500	+ 900

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year reestimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The decrease in obligations of $99.6 million results primarily from a decrease in the number of Vietnam era veterans and dependents in training. The "Balanced Budget and Emergency Deficit Control Act of 1985" (Public Law 99-177) mandates sequestration to achieve targeted deficit levels. The amount sequestered for this appropriation is $39,431,000. Payments from DoD for all volunteer force educational assistance are exempt from sequestration as are collections from any federal agency. Changes for VA-funded obligations total a decrease of $132.4 million (a $118.9 million decrease in education and training coupled with a decrease of $13.5 million in special assistance to disabled veterans from the budget level). These plus an unobligated balance carried forward, partially offset by a reduction of $1 million in transfer from the Education Loan Fund, reduce the needed budget authority by $148.4 million. The increase of $32.8 million for all volunteer force educational assistance will be funded by payments from the Department of Defense and the Department of Transportation.

ANALYSIS OF INCREASES AND DECREASES - OBLIGATIONS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year obligations	$1,168,168	$941,724
Increases (+) and Decreases (-)		
Legislation:		
PL 98-543- increased housing and automobile grants	+ 533	...
PL 99-177- sequestration of funds	- 39,431	...
Benefit payment increase to Title 38 Level	...	+ 39,431
Education and training average payment and caseload changes	-221,979	-190,383
Special assistance to disabled veterans average payment and caseload changes	- 6,484	- 2,409
All volunteer force educational assistance average payment and caseload changes	+ 40,917	+ 29,718
Net change	-226,444	-123,643
Estimated obligations	$941,724	$818,081

Public Law 98-543 increased the maximum grants allowable for automobiles and specially adapted houses effective January 1, 1985. The change shown above represents the annualization of this increase in 1986.

Public Law 99-177, the "Balanced Budget and Emergency Deficit Control Act of 1985", mandates sequestration to achieve targeted deficit levels. The amount sequestered for this program is $39.4 million.

The primary reason for the decrease in obligations in both 1986 and 1987 is the decline in the number of trainees, particularly Vietnam era veterans. It is estimated that 81,181 fewer Vietnam era veterans and servicepersons will train in 1986 than trained in 1985 and an additional 68,900 fewer will train in 1987. These decreases are partially offset by increasing the benefit payments to the Title 38 levels in 1987. Increases for obligations for all volunteer force educational assistance are increasing as more members of the Selected Reserve become eligible for this benefit.

SUMMARY OF WORKLOADS AND OBLIGATIONS - EDUCATION AND TRAINING - VIETNAM ERA VETERANS (CHAPTER 34)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Number of trainees:					
College	289,558	242,800	228,000	172,700	- 55,300
Correspondence	5,409	6,450	4,200	3,400	- 800
Flight	116	...	35	...	- 35
On-the-job training	15,197	9,400	11,900	10,100	- 1,800
Secondary and other	51,558	48,650	41,165	34,150	- 7,015
Farm	1,396	1,400	1,000	750	- 250
Work study (non-add)	(24,076)	(24,200)	(16,700)	(13,800)	(- 2,900)
Total	363,234	308,700	286,300	221,100	- 65,200
Average benefit payment:					
College	$ 2,348	$ 2,343	$ 2,180	$ 2,181	$+ 1
Correspondence	382	389	366	382	+ 16
Flight	1,488	...	486	...	- 486
On-the-job training	1,891	1,945	1,858	1,940	+ 82
Secondary and other	2,304	2,440	2,266	2,365	+ 99
Farm	2,993	3,205	2,867	2,993	+ 126
Work study	592	627	567	592	+ 25
Total	$ 2,335	$ 2,358	$ 2,188	$ 2,210	$+ 22
Obligations (dollars in thousands):					
College	$679,953	$568,811	$497,063	$376,620	$-120,443
Correspondence	2,067	2,509	1,537	1,299	- 238
Flight	173	...	17	...	- 17
On-the-job training	28,739	18,283	22,116	19,594	- 2,522
Secondary and other	118,811	118,706	93,266	80,765	- 12,501
Farm	4,178	4,487	2,867	2,245	- 622
Work study	14,264	15,173	9,471	8,170	- 1,301
Total	$848,184	$727,969	$626,337	$488,693	$-137,644

In 1985, 363,234 veterans received GI Bill benefit payments of $848.2 million. This was down considerably from the 483,559 veterans who trained in 1984. As more veterans reach their delimiting date for benefits or exhaust their entitlement, the number of trainees will continue to decrease.

The current estimate for 1986 is adjusted to reflect the actual experience of training and benefit payments in 1985 as well as the impact on benefit payments of the "Balanced Budget and Emergency Deficit Control Act of 1985". The original 1986 budget estimate assumed that all flight trainees would be off the rolls by 1986, since flight training is limited to those individuals who were in training on August 31, 1981, and who remain continuously enrolled. The 35 trainees in the current 1986 estimate represent those who are still in training.

The number of veterans in training will continue to decline in 1987, as veterans who lose their eligibility or exhaust their entitlement are being replaced by a much smaller number of separatees who are eligible for benefits. It is expected that all eligible flight trainees will have completed their training before 1987.

SUMMARY OF WORKLOADS AND OBLIGATIONS - EDUCATION AND TRAINING - SERVICEPERSONS (CHAPTER 34)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Number of trainees:					
College	36,454	31,765	32,800	29,300	-3,500
Correspondence	2,029	1,860	1,630	1,500	- 130
Flight	125	...	40	...	- 40
Secondary and other	439	375	330	300	- 30
Total	39,047	34,000	34,800	31,100	-3,700
Average benefit payment:					
College	$ 977	$ 1,030	$ 936	$ 977	$+ 41
Correspondence	317	365	304	317	+ 13
Flight	941	...	450	...	- 450
Secondary and other	1,071	1,010	1,024	1,071	+ 47
Total	$ 944	$ 993	$ 907	$ 946	$+ 39
Obligations (dollars in thousands):					
College	$35,630	$32,718	$30,700	$28,626	$-2,074
Correspondence	643	679	495	476	- 19
Flight	118	...	18	...	- 18
Secondary and other	470	379	338	321	- 17
Total	$36,861	$33,776	$31,551	$29,423	$-2,128

In 1985, 39,047 servicepersons received GI Bill benefit payments of $36.9 million. This is down from 44,909 servicepersons and $40.6 million in 1984. As more of the currently eligible individuals leave the service, training in future years will continue to decline. Persons entering the service on or after January 1, 1977 are not eligible for this program.

The current estimate for 1986 is based upon the actual experience in 1985 as well as the impact on benefit payments of the "Balanced Budget and Emergency Deficit Control Act of 1985". The original 1986 budget estimate assumed that all flight trainees would be off the rolls by 1986 since flight training is limited to those individuals who were in training on August 31, 1981, and who remain continuously enrolled. The 40 trainees in the current 1986 estimate represent those who are still in training.

Training will continue to decline in 1987 as more of the remaining pool of eligible individuals separate from the service. It is expected that all eligible flight trainees will have completed their training by the end of 1986.

SUMMARY OF WORKLOADS AND OBLIGATIONS - EDUCATION AND TRAINING - SONS AND DAUGHTERS (CHAPTER 35)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Number of trainees:					
College	49,976	44,075	42,000	34,800	- 7,200
On-the-job training	161	125	125	110	- 15
Secondary and other	5,191	4,800	4,375	3,390	- 985
Total	55,328	49,000	46,500	38,300	- 8,200
Average benefit payment:					
College	$ 2,414	$ 2,492	$ 2,313	$ 2,414	$+ 101
On-the-job training	1,543	1,400	1,480	1,543	+ 63
Secondary and other	2,108	2,178	2,020	2,108	+ 88
Total	$ 2,383	$ 2,458	$ 2,283	$ 2,384	$+ 101
Obligations (dollars in thousands):					
College	$120,640	$109,834	$ 97,134	$84,007	$-13,127
On-the-job training	248	175	185	170	- 15
Secondary and other	10,942	10,454	8,836	7,146	- 1,690
Total	$131,831	$120,463	$106,155	$91,323	$-14,832

In 1985, 55,328 sons and daughters of disabled or deceased veterans received $131.8 million in educational assistance payments. This was down from 63,553 receiving $140.3 million in 1984.

The current estimate for 1986 is reduced slightly from the original budget estimate. This is in keeping with recent 1985 experience as well as the impact on benefit payments of the "Balanced Budget and Emergency Deficit Control Act of 1985".

In 1987, it is expected that the program will continue its decline in activity. A decrease of 8,200 trainees and $14.8 million in obligations is anticipated.

SUMMARY OF WORKLOADS AND OBLIGATIONS - EDUCATION AND TRAINING-SPOUSES AND WIDOW(ERS) (CHAPTER 35)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Number of trainees:					
College	5,660	4,500	4,550	3,500	-1,050
Correspondence	16	15	15	10	- 5
On-the-job training	11	10	10	10	...
Secondary and other	943	775	725	580	- 145
Total	6,630	5,300	5,300	4,100	-1,200
Average benefit payment:					
College	$ 1,918	$ 1,967	$1,838	$1,918	$+ 80
Correspondence	166	373	159	166	+ 7
On-the-job training	1,933	1,752	1,845	1,933	+ 88
Secondary and other	2,152	2,217	2,062	2,152	+ 90
Total	$ 1,947	$ 1,999	$1,863	$1,947	$+ 84
Obligations (dollars in thousands):					
College	$10,854	$ 8,853	$8,361	$6,713	$-1,646
Correspondence	3	6	2	2	...
On-the-job training	21	18	18	19	+ 1
Secondary and other	2,030	1,718	1,495	1,248	- 247
Total	$12,907	$10,595	$9,876	$7,982	$-1,894

In 1985, 6,630 spouses and widow(ers) of disabled or deceased veterans received $12.9 million in educational assistance payments. This was down from 7,641 receiving $13.6 million in 1984.

The current estimate for 1986 reflects the continuing decline in caseload as well as the impact on benefit payments of the "Balanced Budget and Emergency Deficit Control Act of 1985".

In 1987, it is expected that the program will continue its decline in activity. A reduction of 1,200 trainees and $1.9 million in obligations is anticipated.

SUMMARY OF WORKLOADS AND OBLIGATIONS - SPECIAL ASSISTANCE TO DISABLED VETERANS - VOCATIONAL REHABILITATION (CHAPTER 31)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Number of veterans enrolled	26,901	28,400	26,000	25,500	- 500
Average benefit payment............	$ 3,995	$ 4,069	$ 3,882	$ 4,142	$+ 260
Obligations (dollars in thousands).	$107,480	$115,564	$100,937	$105,622	$+4,685
Work study payments (dollars in thousands)...........	($ 2,481)	($ 2,361)	($ 2,293)	($ 2,337)	($+ 44)

In 1985, 26,901 disabled veterans were enrolled in the vocational rehabilitation program and received benefit payments of nearly $107.5 million. This was a decrease from the 29,024 veterans receiving nearly $110.2 million in 1984.

The number of trainees will continue to decline from the peak activity of 1984 and this is reflected in the revised 1986 estimate. The 1986 estimate also reflects the impact on benefit payments of the "Balanced Budget and Emergency Deficit Control Act of 1985".

The 1987 workload estimate reflects this program's anticipated slight downward trend. In 1987, beneficiary travel will be funded by the Readjustment benefits account for the first time. Previously, these payments were funded from the General operating expenses appropriation. The cost of beneficiary travel in 1987 will be $750 thousand.

SUMMARY OF WORKLOADS AND OBLIGATIONS - SPECIAL ASSISTANCE TO DISABLED VETERANS - HOUSING GRANTS

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Number of grants made	540	405	455	390	- 65
Average benefit payment..............	$29,286	$30,765	$30,284	$30,962	$+ 678
Obligations (dollars in thousands)..	$15,814	$12,460	$13,779	$12,075	$- 1,704

In 1985, 540 specially adapted housing grants were made. Over $15.8 million was disbursed for these grants as opposed to $13.3 million in 1984.

It is expected that 455 grants will be made in 1986, which is an increase of 50 grants from the original estimate. The average payment has been decreased $481 from the original 1986 estimate reflecting actual experience and the effect of the "Balanced Budget and Emergency Deficit Control Act of 1985".

It is estimated that the number of grants will decrease in 1987 to a total of 390.

SUMMARY OF WORKLOADS AND OBLIGATIONS - SPECIAL ASSISTANCE TO DISABLED VETERANS - AUTOMOBILES OR OTHER CONVEYANCES FOR DISABLED VETERANS

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Autos and other conveyances:					
Number of grants	919	650	650	550	-100
Average benefit payment..............	$4,456	$5,000	$4,791	$5,000	$+209
Obligations (dollars in thousands)..	$4,095	$3,250	$3,114	$2,750	$-364
Adaptive Equipment:					
Number of items	9,086	6,600	7,500	7,300	-200
Average benefit payment..............	$ 1,189	$1,352	$1,182	$1,285	$+103
Obligations (dollars in thousands)..	$10,799	$8,923	$8,862	$9,382	$+520

In 1985, 919 automobile grants were made while 9,086 items of adaptive equipment were approved. This compares to 859 and 7,682 respectively in 1984. The 1985 obligations for automobile grants were nearly $4.1 million compared to $3.7 million in 1984. Obligations for adaptive equipment were $10.8 million in 1985, up from $8.8 million in 1984.

The current 1986 estimate reflects an increase of 900 items of adaptive equipment and is based on 1985 experience as well as the impact on benefit payments of the "Balanced Budget and Emergency Control Act of 1985".

It is anticipated that the number of automobile grants will decline to 550 in 1987, while the number of adaptive equipment items will decrease by 200 to 7,300 items.

SUMMARY OF WORKLOADS AND OBLIGATIONS - ALL VOLUNTEER FORCE EDUCATIONAL ASSISTANCE

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Veterans:					
Number of trainees....................	...	...	...	800	+ 800
Average benefit payment..............	$...	$ ...	$ ...	$ 1,125	$+ 1,125
Obligations (dollars in thousands)..	$...	$ ...	$ ...	$ 900	$+ 900
Reservists:					
Number of trainees....................	1,160	...	55,900	81,600	+25,700
Average benefit payment..............	$169	...	$ 736	$ 857	$+ 121
Obligations (dollars in thousands)..	$196	$8,300	$41,113	$69,931	$+28,818

Public Law 98-525 established two new peacetime educational programs. The program for veterans is for those individuals whose initial entry on active duty takes place during the period beginning July 1, 1985 and ending June 30, 1988. The Readjustment benefits account pays the basic benefit, up to a maximum of $300 per month, for full-time training, while supplemental benefits are paid by the Department of Defense. No activity is expected until 1987 with $400 thousand being paid in basic benefits and $500 paid for supplemental benefits for 800 trainees.

Certain members of the Selected Reserve are entitled to receive up to $140 per month for full-time training. These payments are transferred from the Department of Defense and The Department of Transportation. The first activity took place late in 1985 and will increase through 1987 as more Reservists establish eligibility for this program.

PROGRAM HIGHLIGHTS

In 1985, 491,140 veterans or dependents received educational or vocational rehabilitation assistance under the Readjustment benefits account. Another 540 veterans received a specially adapted housing grant while 919 veterans received an automobile grant and 9,086 items of adaptive equipment were approved. Since the inception of the current GI Bill, over 8 million veterans and servicepersons have trained and received nearly $39 billion in educational assistance. Of these trainees, over 6.6 million served during the Vietnam era. This represents 80.8 percent of all Vietnam era veterans who reside in the United States and Puerto Rico. As a comparison, the participation rate for the World War II GI Bill was 50 percent while that of the Korean Conflict GI Bill was 43.4 percent.

PROPOSED LEGISLATION

Legislation will be proposed that will close enrollment for the peacetime veterans GI Bill on October 1, 1986, rather than July 1, 1988. The Department of Defense has determined that the new GI Bill is not necessary for recruitment and may be a disincentive for retention. As a result, legislation will be proposed to revert to the less costly and more cost-effective Post-Vietnam era Veterans Educational Assistance program (VEAP). This proposal would have no budgetary impact in 1987. It is also proposed to close enrollment for the peacetime Reservists education program effective October 1, 1986. This will result in a savings of $35 million representing reduced payments from the Department of Defense and the Department of Transportation.

READJUSTMENT BENEFITS
SUMMARY OF REQUIREMENTS
(Total Obligations in Thousands of Dollars)

	1985			1986			1987		
	Workloads	Average Benefits	Obligations	Workloads	Average Benefits	Obligations	Workloads	Average Benefits	Obligations
Obligations total			$1,168,168			$941,724		*	$818,081
Total Chapters 30,31,34,35, and 106	492,300	2,310	1,137,459	454,800	2,014	915,969	402,500	1,972	793,874
EDUCATION AND TRAINING:									
Vietnam era vets & servicepersons - total	402,281	2,200	885,045	321,100	2,049	657,888	252,200	2,054	518,116
Veterans - total	363,234	2,335	848,184	286,300	2,188	626,337	221,100	2,210	489,693
College	289,558	2,348	679,953	228,000	2,180	497,063	172,700	2,181	376,620
Non-college degree	58,479	2,141	125,220	46,400	2,105	97,687	38,300	2,201	84,309
Correspondence	5,409	382	2,067	4,200	366	1,537	3,400	382	1,299
Flight	118	1,488	175	35	486	17	...	...	...
Secondary and other	51,558	2,304	118,811	41,165	2,266	93,288	34,190	2,365	80,765
Vocational/technical*	51,287	...	...	41,000	...	...	34,000	...	...
High school*	271	...	...	165	...	...	190	...	...
Cooperative farm	1,396	2,993	4,178	1,000	2,867	2,867	750	2,993	2,245
On-the-job training	15,197	1,891	28,739	11,900	1,858	22,116	10,100	1,940	19,594
Work study	(28,076)	592	16,264	(16,700)	567	9,471	(13,800)	592	8,170
Servicepersons - total	39,047	944	36,861	34,800	907	31,551	31,100	946	29,423
College	36,454	977	35,630	32,800	936	30,700	29,300	977	28,626
Non-college degree	2,593	475	1,230	2,000	426	851	1,800	443	797
Correspondence	2,029	317	643	1,630	304	495	1,500	317	476
Flight	125	941	118	40	450	18	...	...	...
Secondary and other	439	1,071	470	330	1,024	338	300	1,071	321
Dependents - total	61,958	2,336	144,738	51,800	2,240	116,031	42,400	2,342	99,305
Sons and daughters - total	55,328	2,383	131,831	46,500	2,283	106,155	38,300	2,384	91,323
College	49,976	2,414	120,640	42,000	2,313	97,134	34,800	2,414	84,007
Non-college degree	5,191	2,108	10,942	4,375	2,020	8,836	3,390	2,108	7,146
Secondary and other*	5,156	...	...	4,345	...	...	3,365	...	...
Special restorative*	35	...	...	30	...	...	25	...	...
On-the-job training	161	1,543	248	125	1,480	185	110	1,543	170
Spouses and widow(er)s - total	6,630	1,947	12,907	5,300	1,863	9,876	4,100	1,947	7,982
College	5,660	1,918	10,854	4,550	1,838	8,361	3,500	1,918	6,713
Non-college degree	959	2,119	2,032	740	2,023	1,497	590	2,119	1,250
Correspondence	16	166	3	15	159	2	10	166	2
Secondary and other	943	2,152	2,030	725	2,062	1,495	580	2,152	1,248
On-the-job training	11	1,933	21	10	1,845	18	10	1,933	19
SPECIAL ASSISTANCE TO DISABLED VETERANS:									
Vocational rehabilitation - total	26,901	3,995	107,480	26,000	3,882	100,937	25,500	4,142	105,622
College*	18,648	...	...	18,000	...	...	17,675	...	...
Non-college degree*	661	...	...	640	...	...	625	...	...
On-the-job training*	752	...	...	725	...	...	710	...	...
Other*	6,840			6,635			6,490		
Work study	(4,349)	570	(2,481)	(4,200)	546	(2,295)	(4,100)	570	(2,337)
Housing grants	540	29,286	15,814	455	30,284	13,779	390	30,962	12,075
Automobiles and other conveyances	919	4,456	4,095	650	4,791	3,114	550	5,000	2,750
Adaptive equipment	9,086	1,189	10,799	7,500	1,182	8,862	7,300	1,285	9,382
ALL VOLUNTEER FORCE EDUCATIONAL ASSISTANCE:									
Veterans	...	...	...	...	...	...	800	1,125	900
Reservists	1,160	169	196	55,900	736	41,115	81,800	851	69,931

*Reporting systems for obligations data is currently being adopted. Obligation data will be available upon completion of reporting system.

REINSTATED ENTITLEMENT PROGRAM FOR SURVIVORS

PROGRAM DESCRIPTION

This program restores Social Security benefits to certain surviving spouses or children of veterans who died of service-connected causes incurred before August 13, 1981. These benefits, formerly provided under section 402, Title 42, USC, were withdrawn by the "Omnibus Budget Reconciliation Act of 1981", Public Law 97-35.

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:				
Spouses	1,875	1,825	1,775	- 50
Average benefit (whole dollars)	$ 5,287	$ 5,463	$ 5,470	$+ 7
Obligations	$ 9,856	$ 9,970	$ 9,710	$- 260
Children in school	5,465	5,900	5,730	- 170
Average benefit (whole dollars)	$ 5,572	$ 5,878	$ 5,897	$+ 19
Obligations	$ 30,449	$ 34,682	$ 33,792	$- 890
Operating expenses, VA	$ 873	$ 640	$ 590	$- 50
Operating expenses, Social Security Administration (SSA)	$ 22	$ 8	$ 8	$ ...
Subtotal	$ 41,200	$ 45,300	$ 44,100	$- 1,200
Return of overpayment to DOD	13,891	...	...	...
Total obligations	$ 55,091	$ 45,300	$ 44,100	$- 1,200
Offsetting collections	$-55,091	$-45,300	$-44,100	$+ 1,200
Budget authority	...	...	...	...
Outlays	$-15,326	$ 14,970	...	$-14,970

Financing will be provided in the form of offsetting collections from the Department of Defense.

SUMMARY OF BUDGET REQUEST

Funding for this program will be provided by expenditure transfers from the Department of Defense. Since these transfers will be recorded as offsetting collections, no budget authority is requested.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Major Activities:			
Spouses	1,575	1,825	+ 250
Average benefit (whole dollars)	$ 4,978	$ 5,463	$+ 485
Obligations	$ 7,840	$ 9,970	$+ 2,130
Children in school	6,950	5,900	- 1,050
Average benefit (whole dollars)	$ 6,475	$ 5,878	$- 597
Obligations	$45,000	$34,682	$-10,318
Operating expenses, VA	$ 990	$ 640	$- 350
Operating expenses, SSA	$ 110	$ 8	$- 102
Total obligations	$53,940	$45,300	$- 8,640
Offsetting collections	-53,940	-45,300	+ 8,640
Budget authority	...	...	...
Outlays	...	$14,970	$+14,970

The 1986 estimate has been revised downward $8.6 million to reflect the lower children in school caseload and their lower than previously estimated average benefit payment. This is partially offset by greater than anticipated surviving spouses cases and higher average benefit payments, in part the result of a 3.1 percent cost-of-living adjustment for surviving spoutes, effective December 1, 1985.

ANALYSIS OF INCREASES AND DECREASES-OBLIGATIONS

(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year obligations	$ 55,091	$ 45,300
Increases (+) and Decreases (-):		
Spouses	+ 114	- 260
Children	+ 4,233	- 890
Operating expenses, VA	- 233	- 50
Operating expenses, SSA	- 14	...
Return of Overpayment to DOD	-13,891	...
Net changes	- 9,791	- 1,200
Estimated obligations	$ 45,300	$ 44,100

In 1986 obligations are projected to decline $9.8 million. The 1985 obligations include the return of excess offsetting collections to DOD ($13.9 million). This overpayment is considered an obligation for this account. A return of this magnitude is not anticipated in 1986, therefore obligations will not be as great. Beneficiary obligations are projected to increase by $4.3 million in 1986. The increase is the result of certain provisions of the "Omnibus Budget Reconciliation Act of 1981", which reduced certain Social Security benefits by 25 percent in each of the first four years. Those reductions were reinstated by this program, the final 25 percent reinstatement is the primary cause of the beneficiary increase.

In 1987 obligations are expected to decline $1.2 million as the number of cases decline, and are not offset by higher benefit payments.

SUMMARY OF WORKLOADS AND OBLIGATIONS

(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:					
Spouses	1,875	1,575	1,825	1,775	- 50
Average benefit (whole dollars)	$ 5,257	$ 4,978	$ 5,463	$ 5,470	$+ 7
Obligations	$ 9,856	$ 7,840	$ 9,970	$ 9,710	$- 260
Children	5,465	6,950	5,900	5,730	$- 170
Average benefit (whole dollars)	$ 5,572	$ 6,475	$ 5,878	$ 5,897	$+ 19
Obligations	$30,449	$45,000	$34,682	$33,792	$- 890
Operating expenses, VA	$ 873	$ 990	$ 640	$ 590	$- 50
Operating expenses, SSA	$ 22	$ 110	$ 8	$ 8	$ ...
Subtotal	$41,200	$53,940	$45,300	$44,100	$-1,200
Return of overpayment to DOD	13,891	...	...	...	...
Total obligations	$55,091	$53,940	$45,300	$44,100	$-1,200

Beneficiaries are expected to decline as the number of eligible school children decreases. However, the average benefit paid to children in school will increase in 1986 due to the provisions of the "Omnibus Budget Reconciliation Act of 1981", which reduced Social Security benefits by 25 percent each year. As Social Security benefits were reduced, the amount reinstated by the REPS program was increased.

In 1987 caseload is expected to decline slightly, and average benefit payments to remain relatively stable.

PROGRAM HIGHLIGHTS

The first payments under this program were issued August 1, 1983, to 6,313 beneficiaries. In 1985, the number of beneficiaries was 7,340 with $30.4 million paid to 5,465 children of service-connected deceased veterans and $9.9 million paid to 1,875 surviving spouses.

PROPOSED LEGISLATION

Legislation will be proposed to provide a 3.7 percent increase in compensation rates effective December 1, 1986. Under provisions of section 156, Public Law 97-377, any such increases must also be granted to certain beneficiaries under this program. The cost associated with the above proposals will be $300 thousand in 1987.

VETERANS' JOB TRAINING

PROGRAM DESCRIPTION

This program was established by the "Emergency Veterans' Job Training Act of 1983", approved August 15, 1983 as Public Law 98-77, to relieve unemployment among Vietnam era and Korean conflict veterans. The Veterans Administration pays one half of the salary of each veteran in job training up to 15 months for service-connected veterans and 9 months for other veterans. No more than $10,000 may be paid on behalf of any veteran. Public Law 98-543, enacted October 24, 1984, extended the date by which veterans must commence training, from before March 1, 1985 to on or before September 1, 1985. Public Law 99-108, enacted September 30, 1985, further extended the training commencement date to July 1986. Public Law 99-238, enacted January 13, 1986, liberalized eligibility, extended the training commencement date to July 31, 1987, and authorized $65 million for fiscal year 1986. In addition, this legislation renames Public Law 98-77 as the "Veterans' Job Training Act."

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:				
Total obligations	$ 58,818	$ 17,562	...	$-17,562
Financing:				
Unobligated balance (SOY)	$-65,880	$-17,562	...	$+17,562
unobligated balance, transferred from Readjustment benefits	$-10,500	...	...	...
Unobligated balance (EOY)	$ 17,562	...	...	...
Budget Authority:	...	...	...	...
Outlays	$ 68,838	$ 49,200	$ 5,384	$-43,816
Obligated balance (EOY)	$ 37,022	$ 5,384	...	- 5,384
Workload:				
Service-connected veterans	5,712	3,722	328	- 3,394
Other veterans	27,887	18,170	1,600	-16,570
Total	33,599	21,892	1,928	-19,964

SUMMARY OF BUDGET REQUEST

Since the time funds were initially appropriated for this program, there has been both an improvement in the economy and a corresponding drop in the unemployment rate for Vietnam-era and Korean conflict veterans. Although Public Law 99-238 extended the date by which certified veterans may begin training to July 31, 1987, the unobligated balance of $17.6 million will be exhausted by the end of 1986. Because of the significant drop in the unemployment rate of these veterans and because this program unnecessarily augments job services provided for veterans by the VA and other government agencies, no additional funds will be requested.

CHANGES FROM ORIGINAL 1986 BUDGET ESTIMATES
(dollars in thousands)

	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Major Activities:			
Total obligations	...	$17,562	$-17,562
Budget authority	...	...	...
Outlays	$35,000	$49,200	$+14,200
Workload:			
Service-connected veterans	2,400	3,722	+ 1,322
Other veterans	11,900	18,170	+ 6,270
Total	14,300	21,892	+ 7,592

The current estimate was revised because Congress extended the deadline by which an eligible veteran may enter a training program from September 1, 1985, to July 31, 1987. It is expected that an additional 6,300 veterans will enter job training programs by the end of 1986.

ANALYSIS OF INCREASES AND DECREASES - OBLIGATIONS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year obligations..................	$ 58,818	$ 17,562
Increases (+) and Decreases (-)		
Job training	-41,256	-17,562
Net change	$-41,256	$-17,562
Estimated obligations...................	$ 17,562	...

The decline in obligations reflects the decline in the number of certified veterans entering training. No new training is expected for 1987.

SUMMARY OF WORKLOADS OBLIGATIONS AND OUTLAYS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Veterans entered in job training programs	20,904	...	6,300	...	- 6,300
Average obligations (whole dollars)	$ 2,814	...	$ 2,788	...	$- 2,788
Total obligations	$58,818	...	$17,562	...	$-17,562
Veterans completed training	6,909	14,300	10,348	1,928	- 8,420
Average benefit (whole dollars) ..	$ 4,395	$ 2,448	$ 3,700	$ 2,793	$- 907
Total outlays	$30,363	$35,000	$38,288	$ 5,384	$-32,904
Veterans terminated	11,098	...	9,616	...	- 9,616
Average benefit (whole dollars) ..	$ 1,500	...	$ 1,000	...	$- 1,000
Total outlays	$16,647	...	$ 9,616	...	$- 9,616
Veterans in training (EOY)	15,592	...	1,928	...	- 1,928
Average benefit (whole dollars) ..	$ 1,400	...	$ 672	...	$- 672
Total outlays	$21,829	...	$ 1,296	...	$- 1,296
Combined outlays	$68,838	$35,000	$49,200	$ 5,384	$-43,816

Utilizing existing funds of $17.6 million, 6,300 additional veterans are expected to enter a job training program at an average obligation of $2,788.

PROGRAM HIGHLIGHTS

By the end of 1987, it is estimated that of the nearly 43,000 veterans who will have entered a training program, 19,305 veterans are expected to complete their training at a cost of $110.8 million, while 23,594 veterans will terminate their training prior to completion at a cost of $29.7 million.

VOCATIONAL REHABILITATION REVOLVING FUND

APPROPRIATION LANGUAGE

During 1987, within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the "Vocational rehabilitation revolving fund" (38 U.S.C. chapter 31).

EXPLANATIONS OF LANGUAGE CHANGE

Credit activities of Federal programs are being reviewed more intensively and are being integrated into the executive and congressional budget review process. Appropriation language is requested that focuses on this credit activity and provides authority to extend credit in amounts necessary to carry out the authorized program.

PROGRAM DESCRIPTION

The Vocational rehabilitation revolving fund finances loans to disabled veterans who are enrolled in a program of vocational rehabilitation under 38 U.S.C., Chapter 31. An interest-free loan of up to $620 is provided when, in the opinion of the rehabilitation counselor, the veteran is temporarily in need of additional assistance to meet expenses related to training. Repayment is in 10 monthly installments by deduction from other benefits.

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major activities:				
Number of loans to veterans............	5,270	5,400	5,300	-100
Obligations............................	$1,023	$1,023	$1,060	$+ 37
Offsetting collections.................	$1,068	$1,051	$1,042	$- 9
Outlays................................	$ -41	$ -30	$ +10	$+ 40
Unobligated fund balance, end of year..	$1,362	$1,390	$1,372	$- 18

SUMMARY OF BUDGET REQUEST

No appropriation is being requested since unobligated fund balances and loan repayments will support the estimated obligations of $1,060 thousand in 1987.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	P.L. 99-160 With Adj. 2/	P.L. 99-177 Adj. 3/	Current Estimate	Current Estimate vs. Budget
Major activities:					
Number of loans to veterans...............	6,495	5,400	...	5,400	-1,095
Obligations...............................	$1,202	$1,069	$- 46	$1,023	$- 179
Offsetting collections....................	$1,228	$1,074	- 23	$1,051	$- 177
Outlays...................................	$ -26	$ -7	$- 23	$ -30	$- 4
Unobligated fund balance, end of year.....	$1,335	$1,367	$+ 23	$1,390	$+ 55

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimate.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The "Balanced Budget and Emergency Deficit Control Act of 1985" (PL 99-177) mandates sequestration to achieve targeted deficit levels. The amount of loans sequestered is $46,000. The resultant limitation on obligations for direct loans is $1,023,000.

ANALYSIS OF INCREASES AND DECREASES - OUTLAYS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year outlays............................	$-41	$-30
Increases (+) and Decreases (-):		
Loans to veterans...........................	...	+37
Loans repaid................................	+17	+ 9
Change in obligated balances................	- 6	- 6
Net change..................................	+11	+40
Estimated outlays.............................	$-30	$+10

Loans to veterans are expected to slightly decrease in 1987, in line with the expected number of vocational rehabilitation trainees. Collections are directly related to the amount of loans previously made and, therefore, follow the trend in loans.

SUMMARY OF WORKLOADS AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Amount of loans made...........	$1,023	$1,202	$1,023	$1,060	$+ 37
Number of loans made...........	5,270	6,495	5,400	5,300	-100
Average loan amount (whole dollars)..............	$ 194	$ 185	$ 189	$ 200	$+ 11
Repayments.....................	$1,068	$1,275	$1,051	$1,042	$- 9
Number of loans outstanding....	3,843	3,810	3,369	3,482	+113
Average balance of loans outstanding (whole dollars)...	$ 105	$ 112	$ 111	$ 112	+ 1

The trend in loans granted is expected to decline in 1987 and out years in anticipation of an expected decline in vocational rehabilitation trainees.

PROGRAM HIGHLIGHTS

Program activity is closely related to the number of service-disabled veterans in a program of vocational rehabilitation. Because this number is expected to decrease and the percentage of trainees requesting loans been declining, the number of new loans granted is also expected to drop in 1987 and out years.

EDUCATION LOAN FUND

APPROPRIATION LANGUAGE

PROGRAM DESCRIPTION

The Education loan fund is used to provide loans of up to $2,500 to persons who are in training under chapter 34 or 35, Title 38, U.S.C. but passed their delimiting date with unused entitlement; and to veterans enrolled in flight training under chapter 34.

Repayment is not required, and interest is not charged, until 9 months past the time that the borrower ceases to train at least half-time. Loan amounts of more than $600 must be repaid within a period of 10 years on a monthly, quarterly, semi-annual or annual basis, at the option of the borrower. Smaller amounts must be repaid in a proportionally shorter time.

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:				
Number of loans to veterans and survivors.....	58	50	45	- 5
Obligations....................................	$ 69	$ 48	$ 45	$- 3
Offsetting collections.........................	$ 6,714	$ 6,647	$ 6,702	$+ 55
Outlays..	$-6,325	$-6,900	$- 6,657	$+ 243
Fund balance transferred to Readjustment benefits..................................	$ 6,752	$ 6,000	$ 6,500	$+ 500
Unobligated balance, end of year..............	$ 465	$ 1,064	$ 1,221	$+ 157
Legislative Initiative Impact:				
Obligations....................................	...	...	$- 45	$- 45
Outlays..	...	...	$- 44	$- 44
Obligations (adjusted).........................	$ 58	$ 48	...	$- 48
Outlays (adjusted).............................	$-6,325	$-6,900	$- 6,701	$+ 199

SUMMARY OF BUDGET REQUEST
(dollars in thousands)

No appropriation action by Congress is required. The fund balance and anticipated collections will be sufficient to support the expected volume of new loans, and authority already exists to supplement this Fund, as required, from the Readjustment benefits appropriation. Legislation is being proposed to repeal the authority permitting the Veterans Administration to make education loans, effective October 1, 1986. The VA education loan program has experienced excessively high default rates now exceeding 75%. Congress has previously acted to repeal loans available to most veterans. Full repeal of this program would reduce debts owed the government. Enactment of this proposal would reduce obligations by $45 thousand and outlays by $44 thousand in 1987.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate 1/	Current Estimate			Current Estimate vs. Budget
		P.L. 99-160 With Adj. 2/	P.L. 99-177 Adj. 3/	Current Estimate	
Major Activities:					
Number of loans to veterans and survivors...........................	44	50	...	50	+ 6
Obligations..........................	$ 45	$ 50	$-2	$ 48	$+ 3
Offsetting collections..............	$ 7,545	$ 6,647	...	$ 6,647	$- 898
Outlays..............................	$- 7,500	$- 6,898	$-2	$-6,900	$+ 600
Transfer to Readjustment benefits...	$ 7,000	$ 6,000	...	$ 6,000	$-1,000
Unobligated fund balance, end of year................................	$ 1,371	$ 1,062	$+2	$1,064	$- 307

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit control Act of 1985.

The "Balanced Budget and Emergency Deficit Control Act of 1985" (Public Law 99-177) mandates sequestration to achieve targeted deficit levels. Amount of loans sequestered for this account is $2,000. The resultant limitation on obligations for direct loans is $48,000.

ANALYSIS OF INCREASES AND DECREASES-OUTLAYS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year outlays	$-6,325	$-6,900
Increases (+) and Decreases (-):		
Amount loaned	- 21	- 3
Repayments	+ 155	+ 25
Repayments from defaulted loans	- 105	- 85
Interest on loans	+ 15	+ 5
Loan fees	+ 2	...
Change in obligated balance	- 29	+ 5
Change in receivables in excess of obligations	- 592	+ 296
Net change	- 575	+ 243
Estimated outlays	$-6,900	$-6,657

Outlays are projected to decrease in 1986 and increase slightly in 1987 due to changes in receivables in excess of obligations.

SUMMARY OF WORKLOADS AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Number of loans made	58	44	50	45	- 5
Average amount per loan (whole dollars)	$ 1,190	$ 1,025	$ 960	$ 1,000	$+ 40
Total amount of loans made	$ 69	$ 45	$ 48	$ 45	$- 3
Offsetting Collections:					
Loan repayments	$ 1,530	$ 1,700	$ 1,375	$ 1,350	$- 25
Amount recovered from defaults	3,040	3,669	3,145	3,230	+ 85
Interest	2,141	2,175	2,126	2,121	- 5
Loan Origination Fee	3	1	1	1	...
Total	6,714	7,545	$ 6,647	$ 6,702	$+ 55
Number of defaults	2,105	2,511	2,053	2,000	- 53
Amount of defaults	$ 2,000	$ 2,335	$ 1,950	$ 1,900	$- 50
Number of loans outstanding	60,726	54,966	55,113	49,306	-5,807
Average balance per loan outstanding (whole dollars)	$ 850	$ 830	$ 850	$ 850	...
Amount of loans outstanding,end of year	$51,617	$45,622	$46,846	$41,910	$-4,936

Loans made should continue to decrease with the expected decline in the number of eligible trainees. Debt collection efforts will continue to increase repayment of defaulted loans. The incidence of newly defaulted loans is expected to decrease both as a consequence of more effective collections and fewer number of loans outstanding.

PROGRAM HIGHLIGHTS

Although new loans are still being made to a limited number of applicants, the emphasis in administering the Fund is now largely on repayments. At the end of 1985, $51.6 million in loans remained outstanding from the total amount loaned of nearly $78.7 million. Through the end of 1987, the Agency expects to collect an additional $2.7 million in regular repayments and $6.4 million of defaulted loans. Funds not needed for new loans are returned to the Readjustment benefits appropriation for use in other veterans' education programs.

PROPOSED LEGISLATION

Legislation is being requested to repeal the authority permitting the Veterans Administration to make education loans. The VA education loan program has experienced excessively high default rates. Congress has previously acted to repeal loans available to most veterans. Full repeal of this program would reduce debts owed the government. Enactment of this proposal would reduce obligations by $45 thousand in 1987.

POST-VIETNAM ERA VETERANS EDUCATION ACCOUNT

PROGRAM DESCRIPTION

This program was established to provide educational assistance payments to veterans and servicepersons with no active duty time before January 1, 1977. Contributions to the program are elective by the individual while on active duty. These payments, up to a maximum of $2,700, are deposited to the Fund prior to discharge. When the participant enters training, the monthly disbursement from his or her account is matched two for one from funds provided by the Department of Defense (DoD). Additional amounts in the form of incentive bonuses may also be payable from DoD funds; and the Secretary of Defense may, in limited circumstances, pay the participant's contribution to the Fund (Section 903, Public Law 96-342) or pay all training benefits (Section 901, Public Law 96-342). As authorized by Public Law 98-525, no new enrollments into this program are permitted during the period beginning on July 1, 1985 and ending on June 30, 1988.

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:				
Training	$ 82,554	$106,100	$116,250	$+ 10,150
Training under section 901, PL 96-342	714	3,750	4,200	+ 450
Disenrollments	100,553	122,500	98,000	- 24,500
Total obligations	$183,821	$232,350	$218,450	$- 13,900
Budget authority	$290,399	$441,600	$293,500	$-148,100
Outlays	$182,458	$231,000	$217,800	$- 13,200
Unobligated balance, end of year	$551,678	$760,928	$835,978	$+ 75,050
Workload:				
Trainees	48,110	61,400	67,300	+ 5,900
Section 901 trainees	301	1,500	1,700	- 300
PVEE participants, end of year	617,775	502,775	420,775	- 82,000
Disenrollments	83,873	115,000	82,000	- 33,000

SUMMARY OF BUDGET REQUEST

Budget authority, consisting of transfers from the Department of Defense and deposits from participating servicepersons, is made available automatically as permanent and indefinite authority. No appropriation action is required of the Congress.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Major Activities:			
Training	$ 85,780	$106,100	$+ 20,320
Training under section 901	5,620	3,750	- 1,870
Participant disenrollments	120,600	122,500	+ 1,900
Total obligations	$212,000	$232,350	$+ 20,350
Budget authority (perm. indef.)	$171,000	$441,600	$+270,600
Outlays	$211,000	$231,000	$+ 20,000
Unobligated balance, end of year	$435,100	$760,928	$+325,828
Workload:			
Trainees	61,360	61,400	+ 40
Section 901 trainees	1,500	1,500	...
Participants, end of year	337,741	502,775	+165,034
Disenrollments	101,000	115,000	+ 14,000

The significant changes reflected in the above chart are those associated with training obligations, outlays and the unobligated balance of the Fund. The obligation and outlay changes result primarily from increased activity for trainees entitled to bonus "kickers". Obligations for bonus payments in 1986 are expected to exceed the budget estimate by $10.6 million, with the remainder of the $20.3 million increase resulting from increases in average 2-for-1 payments. The increase in participants reflects 1985 experience. With new enrollments not permitted after June 30, 1985, there was a sharp increase in participation just prior to that date by individuals already on active duty seeking to establish eligibility for this program. The number of estimated disenrollments has been increased based on the increase in participation in 1985 but the average disenrollment amount has been decreased since many of these disenrollees who enrolled just prior to the June 30, 1985 deadline will have been contributing for the minimum time of 12 months. The unobligated balance of the Fund is expected to be $325.8 million higher than the budget estimate of $435.1 million. This results from increased training activity of veterans entitled to bonus "kickers". As these veterans commence training, the Department of Defense transfers the entirety of their bonus eligibility to the Fund increasing the unobligated balance. The sharp increase in contributions at the end of 1985 by veterans establishing eligibility for this program has also contributed to the increase in the estimated unobligated balance.

ANALYSIS OF INCREASES AND DECREASES - OBLIGATIONS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year obligations	$183,821	$232,350
Increases (+) and decreases (-)		
Post-Vietnam Era Education:		
Training	+23,546	+10,150
Training under section 901	+ 3,036	+ 450
Disenrollments	+21,947	-24,500
Net changes	+48,529	-13,900
Estimated obligations	$232,350	$218,450

Training obligations will increase in both 1986 and 1987 as more participants become eligible to train. Obligations for disenrollments have been increasing and are expected to peak in 1986. The decrease in disenrollments in 1987 reflects the fact that no new enrollments are permitted in this program during the period beginning July 1, 1985 and ending on June 30, 1988.

SUMMARY OF WORKLOADS AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Post-Vietnam Era Education:					
Participants end of year	617,775	337,741	502,775	420,775	- 82,000
Contributors end of year	438,562	136,000	285,000	150,000	-135,000
Disenrollments	83,873	101,000	115,000	82,000	- 33,000
Trainees	48,110	61,360	61,400	67,300	+ 5,900
Avg. per trainee (whole dollars)	$ 1,716	$ 1,398	$ 1,728	$ 1,727	$- 1
Obligations for training	$ 82,554	$ 85,780	$106,100	$116,250	$+ 10,150
Section 901 trainees	301	1,500	1,500	1,200	- 300
Avg. per trainee (whole dollars)	$ 2,372	$ 3,747	$ 2,500	$ 3,500	$+ 1,000
Obligations for Sect. 901	$ 714	$ 5,620	$ 3,750	$ 4,200	$+ 450
Obligations for disenrollments	$100,553	$120,600	$122,500	$ 98,000	$- 24,500
Sources of Budget Authority:					
Contributions of servicepersons	$211,790	$101,800	$270,800	$111,000	$-159,800
Transfers from the Department of Defense:					
Matching payments for training	$ 42,146	$ 54,900	$ 61,400	$ 67,300	$+ 5,900
Bonus "kickers"	31,256	3,700	101,700	109,000	+ 7,300
Section 901 training	788	5,700	3,750	4,200	+ 450
Section 903 contributions	4,419	4,900	3,950	2,000	- 1,950
Total transfers	$ 78,609	$ 69,200	$170,800	$182,500	$+ 11,700
Total budget authority	$290,399	$171,000	$441,600	$293,500	$-148,100

Through 1987 the program's participants and contributors will decrease due to the enactment of Public Law 98-525. This legislation precludes new enrollments into this program during the period beginning on July 1, 1985 and ending on June 30, 1988. The number of trainees will continue to increase through 1987 as more eligible participants leave the service. The number of disenrollments is expected to peak in 1986. The decrease in disenrollments in 1987 reflects the cessation of new enrollments into the program as of July 1, 1985. The most significant changes from the 1986 budget estimate are in the area of transfers from the Department of Defense for bonus "kickers" and in the number of contributors and the amount of contributions. In 1985, the first large numbers of veterans entitled to bonus "kickers" commenced their training. As these veterans enter training, the Department of Defense transfers the entirety of their bonus eligibility to the fund. This results in increased budget authority as well as increased obligations as these veterans train. Prior to the June 30, 1985 termination date for enrolling in the program, there was a great influx of new contributors seeking to establish eligibility for future training. These individuals will continue contributing throughout most of 1986.

PROGRAM HIGHLIGHTS

In 1985, 48,110 participants trained under this program and 438,562 servicepersons were contributing at the end of the year. In addition, 301 individuals trained under Section 901 of Public Law 96-342. Over $100 million was refunded to 83,873 participants who disenrolled from the program.

PROPOSED LEGISLATION

Legislation is being proposed that will close enrollment in the All Volunteer Force GI Bill effective October 1, 1986. This proposal will reopen the Post-Vietnam Era program for new enrollments at that time. This would result in an additional $59.2 million in serviceperson's contributions in 1987.

Part 2. Credit Assistance

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LOAN GUARANTY REVOLVING FUND

APPROPRIATION LANGUAGE

[For expenses necessary to carry out Loan guaranty and insurance operations, as authorized by law (38 U.S.C. chapter 37, except administrative expenses, as authorized by section 1824 of such title), $200,000,000 to remain available until expended.]

During [1986] 1987, the resources of the Loan guaranty revolving fund shall be available for expenses for property acquisitions, payment of participation sales insufficiencies, and other loan guaranty and insurance operations, as authorized by law (38 U.S.C. chapter 37, except administrative expenses, as authorized by section 1824 of such title): Provided, That the unobligated balances, including retained earnings of the Direct loan revolving fund, shall be available, during [1986] 1987 for transfer to the Loan guaranty revolving fund in such amounts as may be necessary to provide for the timely payment of obligations of such fund. and the Administrator of Veterans Affairs shall not be required to pay interest on amounts so transferred after the time of such transfer.

During [1986] 1987, with the resources available, gross obligations for direct loans and total commitments to guarantee loans are authorized in such amounts as may be necessary to carry out the purposes of the "Loan guaranty revolving fund". (Department of Housing and Urban Development - Independent Agencies Appropriation Act 1986.)

EXPLANATION OF LANGUAGE CHANGE

A projected increase of $139.5 million in offsetting collections and a $125 million transfer from the Direct loan revolving fund are expected to eliminate the need for an appropriation to meet 1987 program requirements.

PROGRAM DESCRIPTION

The Loan guaranty revolving fund is authorized by 38 U.S.C., Section 1824, to finance all operations of the loan guaranty program except administrative costs.

The principal objective of the loan guaranty program is to encourage and facilitate extension of favorable credit terms by private lenders to veterans for the purchase, construction or improvement of homes to be occupied by the veterans and their families.

The program operates by substituting the Federal Government's guaranty to lenders against financial loss on loans to veterans for the investment protection afforded under conventional mortgage terms by downpayments and relatively shorter loan terms.

Eligible veterans are thus enabled to finance home purchases even though they may not have the resources to qualify for conventional loans. Under present law, home loans may be guaranteed up to 60 percent of the amount of the loan but not to exceed $27,500. In the event of an insoluble default, the Veterans Administration, through its contract of guarantee, stands ready to make good any loss sustained by the holder of the loan, up to the amount of the guarantee.

Public Law 97-66, effective October 18, 1981, authorized the VA to guarantee home loans with provisions for variable-payment plans. The purpose is to provide lower monthly mortgage payments during the first few years of a loan by deferring a portion of the interest due on the loan each month and adding it to the principal.

Public Law 97-253, effective October 1, 1982 established a fee of one-half of one percent until September 30, 1985, on all loans guaranteed, insured or made by the Administrator, exempting service-connected veterans with 10 percent or more disability. The collections from fees were transferred to the U.S. Treasury and credited to the Agency and not the Loan guaranty revolving fund. The Deficit Reduction Act of 1984, Public Law 98-369, effective August 17, 1984, increased the funding fee to one percent of the loan amount on guaranteed loans and vendee (direct) loans. The Act also authorized the deposit of fees into the Loan guaranty revolving fund and continued to exempt service-connected veterans with 10 percent or more disability. The authorizing legislation will expire September 30, 1987.

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Obligations:				
Acquisition of homes................	$ 1,006,652	$ 1,077,229	$ 1,054,393	$ - 22,836
Property improvements..............	33,018	37,820	37,653	- 167
Loss on defaulted guaranteed loans.	316,094	316,774	314,316	- 2,458
Repurchase of loans sold, net......	111,483	99,092	102,764	+ 3,672
Vendee (direct) loans..............	833,087	855,400	890,800	+ 35,400
All other...........................	158,572	187,085	176,074	- 11,011
Total obligations................	$ 2,458,906	$ 2,573,400	$ 2,576,000	$ + 2,600
Offsetting collections.............	$ 2,196,413	$ 2,284,550	$ 2,424,000	$ +139,450
Transfer from Direct Loan..........	$ ...	$ ...	$ 125,000	+125,000
Budget Authority:				
Appropriation......................	$ 306,600	$ 200,000	$ ...	$ -200,000
Outlays............................	$ 278,462	$ 285,450	$ 148,900	$ -136,550
Workload:				
Number of property acquisitions....	23,360	23,440	21,300	- 2,140
Number of claims processed.........	30,277	28,793	26,297	- 2,496
Number of loans guaranteed.........	178,931	182,000	200,000	+ 18,000
Amount of loans guaranteed.........	$11,451,748	$11,569,123	$13,948,008	$+2,378,885

SUMMARY OF BUDGET REQUEST

In 1987, obligations are estimated at $2,576 million, an increase of $2.6 million from 1986. This slight increase is attributable to an overall decline in obligations except for the repurchase of vendee loans sold and the establishment of vendee (direct) loans. Collections are anticipated to be $2,424 million, comprised principally of $766.8 million in net vendee loan sales, $402.3 million from the cash sales of homes and $145.4 million from funding fees. During 1987, the fund will not require an appropriation to meet program expenses as a result of a $139.5 million increase in collections and a $125 million transfer from Direct loan revolving fund.

PROPOSED LEGISLATION

The Administration is proposing an incremental increase in loan origination fees on guaranteed and vendee (direct) loans. The fee will increase from 1 percent to 2 percent in 1987; 2.5 percent in 1988; 3 percent in 1989; and remain constant at 3.8 percent for 1990, 1991 and thereafter. The increased revenue is expected to reduce outlays in 1987 by $131.8 million.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate 1/	Current Estimate			Current Estimate vs. Budget
		P.L. 99-160 With Adj. 2/	P.L. 99-177 Adj. 3/	Current Estimate	
Obligations:					
Acquisition of homes	$ 782,546	$ 1,077,229	$ ...	$ 1,077,229	$+ 294,683
Property improvements	38,485	37,820	...	37,820	- 665
Loss on defaulted guaranteed loans	330,248	316,774	...	316,774	- 13,474
Repurchase of loans sold, net	95,972	99,092	...	99,092	+ 3,120
Vendee (direct) loans	508,100	855,400	...	855,400	+ 347,300
All other	154,749	187,085	...	187,085	+ 32,336
Total obligations	$ 1,910,100	$ 2,573,400	$ ...	$ 2,573,400	$+ 663,300
Offsetting Collections	$ 1,527,600	$ 2,289,900	$- 5,350	$ 2,284,550	$+ 756,950
Budget Authority:					
Appropriation	$ 404,600	$ 200,000	$ ...	$ 200,000	$- 204,600
Outlays	$ 383,500	$ 280,100	$+ 5,350	$ 285,450	$- 98,050
Workload:					
Number of property acquisitions	16,640	23,440	...	23,440	+ 6,800
Number of claims processed	22,600	28,793	...	28,793	+ 6,193
Number of loans guaranteed	220,000	182,000	...	182,000	- 38,000
Amount of loans guaranteed	$14,933,000	$12,084,543	$-515,420	$11,569,123	$-3,363,877

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The "Balanced Budget and Emergency Deficit Control Act of 1985" (Public Law 99-177) mandates sequestration to achieve targeted deficit levels. New guaranteed commitments totaling $515.4 million have been sequestered.

ANALYSIS OF INCREASES AND DECREASES - OUTLAYS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year outlays	$278,462	$ 285,450
Increases (+) and Decreases (-):		
Acquisition of homes	+70,577	- 22,836
Property improvements	+ 4,802	- 167
Loss on defaulted guaranteed loans	+ 680	- 2,458
Repurchase of loans sold	-12,391	+ 3,672
Vendee (direct) loans	+22,313	+ 35,400
All other	+28,513	- 11,011
Offsetting collections	-88,137	-139,450
Change in obligated balance	-19,369	+ 300
Net change	+ 6,988	-136,550
Estimated outlays	$285,450	$ 148,900

Outlays for 1986 are projected to increase by $7 million over the 1985 level, primarily due to an increase of $88.1 million in offsetting collections of which $79.7 million will be received from vendee loan sales and cash sale of properties.

Outlays are estimated to decrease in 1987, by $136.6 million, attributable to declining costs in almost every category and an increase in revenue, primarily due to increased vendee loan sales and cash sale of properties.

SUMMARY OF OBLIGATIONS, COLLECTIONS AND WORKLOADS
(dollars in thousands)

	1985	1986		1987	Increase (+)
	Actual	Budget Estimate	Current Estimate	Estimate	Decrease (-)
Obligations:					
Acquisition of homes	$1,006,652	$ 782,546	$1,077,229	$1,054,393	$- 22,836
Property improvements	33,018	38,485	37,820	37,653	- 167
Loss on defaulted guaranteed loans	316,094	330,248	316,774	314,316	- 2,458
Repurchase of loans sold, net	111,483	95,972	99,092	102,764	+ 3,672
Vendee (direct) loans	833,087	508,100	855,400	890,800	+ 35,400
Cash advances-vendee loans	-13,504	15,000	15,069	13,032	- 2,037
Acquisition of defaulted guaranteed loans	31,742	22,725	29,386	29,230	- 156
Property management expense	50,120	42,839	42,689	37,360	- 5,329
Property sales expense	60,709	44,678	70,434	66,945	- 3,489
Interest expense on participation certificates	29,505	29,507	29,507	29,507	...
Total obligations	$2,458,906	$ 1,910,100	$2,573,400	$2,576,000	$+ 2,600
Offsetting Collections:					
Investment income from participation sales fund	$- 43,538	$- 45,505	$- 46,618	$- 49,149	$+ 2,531
Loan and other repayments	- 52,840	- 28,600	- 50,049	- 44,946	- 5,103
Sale of loans, net	- 688,025	- 496,230	- 729,985	- 766,820	+ 36,835
Sale of homes (cash)	- 322,912	- 206,797	- 360,622	- 402,313	+ 41,691
Sale of homes (vendee loans)	- 833,087	- 508,100	- 855,400	- 890,800	+ 35,400
Collection of claims receivable	- 17,785	- 26,474	- 25,899	- 30,510	+ 4,611
Interest income	- 117,861	- 61,294	- 93,527	- 93,090	- 437
Funding fee	- 127,888	- 152,600	- 121,450	- 145,372	+ 23,922
Other revenue	+ 7,523	- 2,000	- 1,000	- 1,000	...
Total offsetting collections	$-2,196,413	$-1,527,600	$-2,284,550	$-2,424,000	$+139,450
Transfer from Direct Loan	...	...	...	$ 125,000	$+125,000
Budget Authority:					
Appropriation	$ 306,600	$ 404,600	$ 200,000	$ ...	$-200,000
Workload:					
Property acquisitions processed	23,360	16,640	23,440	21,300	- 2,140
Properties acquired	25,375	17,850	25,240	23,100	- 2,140
Claims processed	30,277	22,600	28,793	26,297	- 2,496
Loans repurchased	3,420	2,820	2,770	2,660	- 110
Properties owned (Average)	20,236	18,658	17,075	14,825	- 2,250
Property sales	28,399	19,400	27,950	25,310	- 2,640
Vendees established	20,589	11,640	19,565	17,717	- 1,848

In 1985, obligations were $2,459 million, an increase of $136 million from the 1984 level, primarily due to increased property acquisitions, claim costs, repurchase of vendee loans sold, and vendee (direct) loans. Collections were $2,196 million, of which $1,011 million resulted from the sale of portfolio loans and for cash sale of properties.

Total obligations in 1986 are estimated to be $2,573 million, an increase of $114 million from 1985, due primarily to an increase in the acquisition of defaulted guaranteed homes. Collections in 1986 are expected to be $2,285 million, an increase of $88 million from 1985, primarily due to selling more vendee loans and an increase in cash sale of properties.

The 1987 obligations are estimated to be $2.6 million more than 1986, primarily due to decreases in overall obligations except for repurchase of loans sold and the establishment of vendee (direct) loans. Collections are projected to be $139.5 million more than 1986, due to increased vendee loans sales and cash sale of properties.

PROGRAM HIGHLIGHTS

During 1985, 178,931 loans were guaranteed with a principal balance of $11.5 billion. As a result of foreclosure on guaranteed loans, 23,360 homes were acquired, an increase of 543 properties from 1984. Program expenses were primarily funded by: $688 million in net loan sales; cash property sales of $322.9 million; an appropriation of $306.6 million; and $128 million in funding fees.

ANALYSIS OF WORKLOADS AND OBLIGATIONS

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Acquisition of homes:				
Property acquisitions.................	23,360	23,440	21,300	- 2,140
Average amount per acquisition.......	$ 43,093	$ 45,957	$ 49,502	$+ 3,545
Total obligations (000)...............	$1,006,652	$1,077,229	$1,054,393	$- 22,836

Private lenders who have acquired property as a result of foreclosure on defaulted guaranteed home loans may elect to convey that property to the Veterans Administration. The Veterans Administration currently acquires about 90 percent of the properties foreclosed, with the exception of mobile homes which are repossessed and resold on the market by the lenders. During 1987, the average amount per property acquisition reflects an increase in the property value of more than $3,500 because trends in foreclosures indicate that mortgages on higher valued properties are increasingly going to foreclosure. The increase is offset by the reduction of 2,140 properties, resulting in a net cost reduction of $22.8 million.

Property improvements:				
Properties improved..................	25,375	25,240	23,100	- 2,140
Average amount per property..........	$ 1,302	$ 1,498	$ 1,630	$+ 132
Total obligations (000)...............	$ 33,018	$ 37,820	$ 37,653	$- 167

After conveyance of the property to the Veterans Administration, expenditures are often necessary to place the property in salable condition. In 1987, the average cost per property will increase by $131. As a result of acquiring 2,140 fewer properties, $167 thousand in improvements costs will be saved.

Repurchase of loans sold, net:				
Loans repurchased.....................	3,420	2,770	2,660	- 110
Average amount per repurchase.......	$ 32,598	$ 35,774	$ 38,633	$ +2,859
Total obligations (000).............	$111,483	$ 99,092	$102,764	$ +3,672

Pursuant to Veterans Administration Regulation 4600, dated March 22, 1962, the Administrator may sell, with full recourse, loans which have been created incident to the sale of Veterans Administration acquired property. If the loans go into default the Administrator will repurchase them. In 1987, however, the agency will participate in a multi-agency pilot program of selling a portion of loan assets without repurchase agreements, as follows: 10 percent in 1987; increasing 2 percent each year until 1991. While the number of repurchases is expected to decline, the higher values of loans sold in recent years will increase obligations by $3.7 million.

Vendee (direct) loans:				
Vendees established.................	20,589	19,565	17,717	-1,848
Average amount established.........	$ 40,463	$ 43,721	$ 50,280	$ +6,559
Total obligations (000)............	$833,087	$855,400	$890,800	$ +35,400

Vendee loans represent the non-cash sale of physical assets on credit terms. The obligations shown are completely offset by a non-cash collection from the sale of these same assets. In 1987, it is estimated thet 1,848 fewer properties will be sold on terms but due to a $6.6 thousand increase in the average amount established, it is expected that costs will increase by $35.4 million.

Cash advances-Vendee loans:				
Total obligations (000).............	$-13,504	$ 15,069	$ 13,032	$ -2,037

In order to protect the interest of the Government, small cash advances on vendee loans are occasionally made to borrowers to cover taxes, hazard insurance, and necessary repairs. These amounts are added to the current loan balance. During 1987, as a result of increased vendee loan sales which reduces the loan portfolio, a $2 million reduction in cost is anticipated.

Acquisition of defaulted guaranteed loans:				
Loans acquired.......................	635	570	540	- 30
Average amount per acquisition......	$49,988	$ 51,555	$ 54,130	$+2,575
Total obligations (000).............	$31,742	$ 29,386	$ 29,230	$- 156

In order to avoid foreclosure of guaranteed loans in default status, when forbearance might allow the veteran borrower to cure the default, the loans have been purchased by the Administrator. All loans acquired are for single family residential units. During 1987, the average value of a loan acquired is expected to increase nearly $2,600, but costs are estimated to decline by $156 thousand due to 30 fewer loans being acquired.

Property management expense:	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Average number of properties owned....	20,236	17,075	14,825	-2,250
Average amount per property...........	$ 2,477	$ 2,500	$ 2,520	$+ 20
Total obligations (000)...............	$50,120	$ 42,689	$ 37,360	$-5,329

Property management expense includes all the cost of ownership of acquired properties except capitalized expenditures made incident to the acquisition and rehabilitation of properties. Included in the management expense are payments for services performed by management brokers, real estate taxes and maintenance of properties. In 1987, these expenses are expected to decrease $5.3 million due to a decline in the average number of properties owned.

Sales expense:

Number of sales........................	28,399	27,950	25,310	- 2,640
Average amount per sale................	$ 2,138	$ 2,520	$ 2,645	$+ 125
Total obligations (000)................	$60,709	$70,434	$66,945	$- 3,489

Sales expense includes brokers fees and advertising costs incident to the sale of properties owned by the Veterans Administration. In 1987, 2,640 fewer properties will be sold which reflects the decrease in the number of properties acquired. The decline in the number of sales offset the increase in the average sales expense resulting in a $3.5 million savings.

Interest expenses on participation certificates: This represents the amount of interest the trustee is required to pay holders of participation certificates with respect to vendee accounts set aside pursuant to 38 U.S.C. 1820(c). To the extent this expense exceeds the amount of interest collections on an equal amount of loans pledged to the trustee, participation sales insufficiencies result. Financing of the participation sales insufficiencies (PSI's) is as follows:

SUMMARY OF FINANCING OF PSI's
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Total interest accrued on participation certificates..........................	$29,505	$29,507	$29,507	...
Interest accrued in Federal Assets Financing Trust (FAFT) for which insufficiencies are authorized........	29,505	29,507	29,507	...
Interest on equal amount of loans in the FAFT trust............................	14,033	17,111	19,642	...
Insufficiency.........................	43,538	46,618	49,149	...
Financed by:				
Investment income from participation sales fund in the FAFT trust..........	-43,538	-46,618	-49,149	...
Carried forward to subsequent period....	- 4,300	- 4,300	- 4,300	...
Brought forward from prior period.......	4,300	4,300	4,300	...
Budget authority......................	...	...	...	...

Loss on defaulted guaranteed loans:

Claims processed.........................	30,277	28,793	26,297	- 2,496
Average amount per payment..............	$ 10,440	$ 11,002	$ 11,953	$+ 951
Total obligations (000).................	$316,094	$316,774	$314,316	$- 2,458

These payments are made to lenders in accordance with the VA guaranty contract. In most home loan cases, they represent the difference between the amount owed by the veteran on a defaulted loan and the value of the foreclosed property as established by the VA. These payments are in addition to property acquisition costs shown above. In manufactured home cases, the payments are the guaranty contract portion of the net debt after the lender sells the repossessed manufactured home. In 1987, the decrease of 2,496 claim payments will offset the increase in the average claim paid thereby resulting in an $2.5 million reduction in cost.

Claims processed are presented by type of property as follows:

Single-family residential:

Claims processed......................	26,911	26,100	23,663	-2,437
Average amount per payment...........	$ 10,717	$ 11,216	$ 12,240	$+ 1,024
Total obligations (000)..............	$288,407	$292,739	$289,635	$- 3,104

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Manufactured home/lot:				
Claims processed	3,366	2,693	2,634	- 59
Average amount per payment	$ 8,226	$ 8,925	$ 9,370	$+ 445
Total obligations (000)	$27,687	$ 24,035	$ 24,681	$+ 646

SUMMARY OF PROGRAM FINANCING
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Unobligated balance:				
Start of year	$ 232,598	$256,206	$167,356	$- 88,850
Offsetting collections:				
Sale of loans, (net)	688,025	729,985	766,820	+ 36,835
Loans and other repayments	52,840	50,049	44,946	- 5,103
Sale of homes (cash)	322,912	360,622	402,313	+ 41,691
Sale of homes (vendee loans)	833,087	855,400	890,800	+ 35,400
Collection of claims receivable (veterans indebtedness)	17,785	25,899	30,510	+ 4,611
Total capital receipts	1,914,649	2,021,955	2,135,389	+113,434
Operating income:				
Interest income	117,861	93,527	93,090	- 437
Investment income from participation sale fund	43,538	46,618	49,149	+ 2,531
Funding fees	127,888	121,450	145,372	+ 23,922
Other revenue	- 7,523	1,000	1,000	...
Total operating income	281,764	262,595	288,611	+ 26,016
Total offsetting collections	2,196,413	2,284,550	2,424,000	+139,450
Transfer from direct loan revolving fund	...	...	125,000	+125,000
Budget Authority:				
Appropriation	$ 306,600	$ 200,000	$ ...	$-200,000
Total available funds	$ 2,735,611	$2,740,756	$2,716,356	$- 24,400
Less:				
Principal collections transferred to trustee	- 20,499	...	...	...
Obligations	-2,458,906	-2,573,400	-2,576,000	- 2,600
Unobligated balance:				
End of year	$ 256,206	$ 167,356	$140,356	$- 27,000
Relation of Obligations to Outlay:				
Obligations incurred, net	$ 262,493	$ 288,850	$152,000	$-136,850
Obligated balance, start of year	4,459	- 11,510	- 8,110	+ 3,400
Obligated balance, end of year	11,510	8,110	5,010	- 3,100
Outlays	$ 278,462	$ 285,450	$143,900	$-136,550

In 1985, $2,196.4 million in revenue and receipts were received primarily from vendee loan sales, sale of homes (vendee loans), interest income, cash proceeds from the sale of real property and funding fees. During 1986 it is estimated that offsetting collections will be $2,284.6 million. Collections in 1987 are expected to increase $139.5 million due to further increases in receipts from vendee loan sales, sale of homes for cash and funding fees.

An appropriation is not requested in 1987, because of an anticipated $125 million transfer being available from the Direct loan revolving fund and a projected increase of $139.5 million in offsetting collections.

SUMMARY OF FINANCIAL CONDITION
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Assets:				
Fund balance with Treasury	$ 244,696	$ 159,246	$ 162,346	$+ 3,100
Current receivables:				
Accounts receivables, net	27,376	20,825	15,850	- 4,975
Interest collection held by or for trustee	86,902	109,773	129,306	+ 19,533
Total current receivables	$ 114,278	$ 130,598	$ 145,156	$+ 14,558
Invested capital:				
Loans receivable				
Vendee accounts	1,145,419	1,221,640	1,261,215	+ 39,575
Acquired loans	75,828	82,120	84,245	+ 2,125
Total loans	$1,221,247	$1,303,760	$1,345,460	$+ 41,700
Veterans Indebtedness:				
Claims receivable, net	202,454	240,770	265,600	+ 24,830
Real Property:				
Real property owned, net	770,988	695,956	578,990	-116,966
Total assets	$2,553,663	$2,530,330	$2,497,552	$- 32,778
Liabilities:				
Current accounts payable and accrued liabilities	$ 94,828	$ 87,330	$ 75,500	- 11,830
Deferred credits	7,940	8,155	8,000	- 155
Total current liabilities	102,768	95,485	83,500	- 11,985
Long-term:				
Participation certificates outstanding	472,540	472,540	472,540	...
Principal collections in escrow for trustee	1,767	...	...	...
Principal payments to be applied to redemption of participation certificates.	-339,138	-353,076	-353,076	...
Net long-term liabilities	$ 135,169	$ 119,464	$ 119,464	...
Total liabilities	$ 237,937	$ 214,949	$ 202,964	$- 11,985
Government Equity:				
Paid in capital:				
Opening balance	$ 909,488	$1,216,088	$1,416,088	$+ 200,000
Appropriations	306,600	200,000	...	- 200,000
Closing balance	$1,216,088	$1,416,088	$1,416,088	...
Retained income or deficit:				
Opening balance	$1,263,316	$1,099,638	$ 899,293	$- 200,345
Net operating income or loss (-)	-93,327	-157,845	-128,993	+ 28,852
Net non-operating income or loss (-)	-70,351	-42,500	- 16,800	+ 25,700
Earnings transferred from Direct Loan	...	...	125,000	+ 125,000
Closing balance	$1,099,638	$ 899,293	$ 878,500	$- 20,793
Total equity	$2,315,726	$2,315,381	$2,294,588	$- 20,793

CREDIT INFORMATION
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Loan guarantee:				
New loan guarantee commitments	$11,451,748	$11,569,123	$13,948,008	$+2,378,885
Commitments exempt from limitation	$11,451,748	$11,569,123	$13,948,008	$+2,378,885
Contingent liability	$60,079,678	$62,771,960	$66,624,710	$+3,852,750
Direct Loan obligations:				
Obligations incurred	$ 962,808	$ 998,947	$ 1,035,826	$+ 36,879
Obligations exempt from limitation	$ 962,808	$ 998,947	$ 1,035,826	$+ 36,879

SUMMARY OF REVENUE AND EXPENSE
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Revenue:				
Interest income	$ 117,861	$ 93,527	$ 93,090	$- 437
Investment income from participation sales fund	43,538	46,618	49,149	+ 2,531
Funding fee	127,888	121,450	145,372	+ 23,922
Rental and other revenue	4,973	8,525	8,900	+ 375
Total operating revenue	$ 294,260	$ 270,120	$ 296,511	$+ 26,391
Expense:				
Funded expense	$- 137,248	$-172,730	$-166,267	$+ 6,463
Unfunded expense:				
Adjustments in connection with:				
Sales, repurchases, asset writeoffs, etc	203	- 940	- 1,220	- 280
Provision for allowance on:				
Uncollectible receivables	- 250,542	-254,295	-258,017	- 3,722
Total unfunded expense	$- 250,339	$-255,235	$-259,237	$- 4,002
Total operating expenses	$- 387,587	$-427,965	$-425,504	$+ 2,461
Net operating income or loss (-)	$- 93,327	$-157,845	$-128,993	$+ 28,852
Non-operating income or loss:				
Sale of properties:				
Cash proceeds	$ 322,912	$ 360,622	$ 402,313	$+ 41,691
Vendee loans	$ 833,087	855,400	890,800	+ 35,400
Total sales	$ 1,155,999	$1,216,022	$1,293,113	$+ 77,091
Net book value of properties sold	$-1,226,350	$-1,258,522	$-1,309,913	$- 51,391
Net non-operating income or loss (-)	$- 70,351	$- 42,500	- 16,800	$ + 25,700
Net income or loss (-)	$- 163,678	$- 200,345	$- 145,793	$ + 54,552

The net loss for 1987 is expected to be $55 million lower than the 1986 loss of $200 million. This is expected from improvements in operating revenue, reduced operating expenses and greater receipts from the sale of properties than what was received in 1986.

STATEMENT OF ACCOUNTABILITY

Funds have been provided through 1985 for the expenses of the Loan guaranty revolving fund from the following sources:

Assumption of Assets at Inception of Fund	$ 521,335,096
Appropriation for payment of Participation Sales Insufficiencies	32,420,742
Budget Authority	566,600,000
Receipts from Operations, net	11,779,916,812
Transfers from Direct loan revolving fund:	
Capital	1,730,077,996
Direct Loan earnings	283,793,004
Total Availability	$14,914,143,650

As of September 30, 1985, $256.2 million of the total shown above remained available for obligation. A summary statement of the use made of the total amounts which have become available to this fund is shown below:

Unobligated balance	$ 256,205,790
Accounts Receivable, Net	- 27,376,400
Cash available for obligation	$ 228,829,390
Expenditures:	
Payment of claims and acquisition of properties	10,323,023,634
Property management, selling and other expenses	4,188,420,098
Total	14,511,443,732
Insufficiencies Paid Participation Sales Fund	173,870,528
Total Expenditures and Transfers	$14,685,314,260
Total availability	$14,914,143,650
Reconciliation of net accountability:	
Insufficiencies Paid Participation Sales Fund	$ 173,870,528
Expenditures	14,482,647,724
Receipts from Operations	-11,779,916,812 1/
Capital and earnings transferred from the Direct loan revolving fund.	- 2,013,871,000
Budget Authority	- 566,600,000
Appropriation for Payment of Participation Sales Insufficiencies	- 32,420,742
Net Accountability	$ 263,709,698
Invested Capital:	
Loans receivable	$ 1,221,246,794
Real Property	770,987,711
Veterans indebtedness	202,454,198
Total	$ 2,194,688,703
Retained Income - September 30, 1985	1,099,638,000
Accounts receivable, net	27,376,400
Receivables in transit	- 773,402
Total Government Investment	$ 3,320,929,701
Long Term liabilities:	
Participation certificates outstanding - Net	- 119,464,000

1/ Excludes $840,673,302 in principal collections transferred to Participation Sales Fund.

SUMMARY OF EXPLANATION OF PROFIT

The $1,131.9 million net profit existing in the Loan guaranty fund at the close of 1985 is the net amount to date, exclusive of administrative expenses. The net profit reflects the determination that $2,013.9 million in capital and earnings transferred from the Direct loan revolving fund is not a liability of this fund.

The elements which made up the net cumulative profit through fiscal year 1985 are as follows:

Expenses and Losses:		
Guaranty Losses, net 1/:		$1,243,384,557
Operating expenses and losses:		
Property management expenses	483,575,840	
Property selling expenses	486,052,969	
General expenses	61,774,352	
Write-offs	82,063,718	
Commission on sale of participations	2,879,254	
Interest and insufficiencies on participation certificates	755,691,502	
Discount on loan sales & repurchases	635,266,985	
Provision for valuation allowance on unsold properties	64,243,988	2,571,548,608
Total expenses and losses		3,814,933,165
Income:		
Interest collection on veterans indebtedness		12,003,753
Capital and earnings transferred from Direct Loan		2,013,871,000
Operating income:		
Gross profit on sale of property	343,098,231	
Interest on loans	1,736,333,413	
Funding fees	135,609,304	
Rental and miscellaneous income	323,729,226	
Premium on vendee accounts sales	42,380,898	
Income from participation sales fund	339,814,039	2,920,965,111
Total income		4,946,839,864
Net Profit		1,131,906,699
Less: Appropriation for insufficiencies paid on participation certificates		- 32,420,742
Profit (+) or Loss (-) -- September 30, 1985		$+1,099,485,957

1/ For all practical purposes, net guaranty losses, are the difference between payments to holders for claims against defaulted guaranteed or insured loans and the value of properties conveyed to the VA.

GUARANTEED OR INSURED LOANS BY STATION

		Cumulative Thru 9-30-85		1985 Only	
		Number	Principal Amount*	Number	Principal Amount*
Totals		11,933,387	$244,146,001,816	178,931	11,451,747,904
AL	Montgomery	189,454	3,928,749,135	2,624	126,844,796
AK	Anchorage	17,017	1,156,019,279	1,400	137,691,652
AZ	Phoenix	179,490	5,582,442,936	6,443	450,720,799
AR	Little Rock	74,582	1,368,281,966	1,435	63,321,041
CA	Los Angeles	1,156,943	30,727,772,651	18,193	1,591,268,374
	San Francisco	610,500	13,563,568,425	5,947	519,383,517
CO	Denver	333,544	9,995,202,533	7,024	543,695,032
CT	Hartford	122,858	1,907,963,433	833	55,177,118
DE	Wilmington	36,161	625,105,004	344	17,840,181
DC	Washington	299,602	11,319,955,119	8,461	785,823,827
FL	St. Petersburg	431,345	11,165,432,881	15,146	854,024,983
GA	Atlanta	303,002	6,903,898,448	5,964	302,147,523
HI	Honolulu	30,916	1,517,402,564	1,137	120,822,293
ID	Boise	44,551	1,045,287,140	827	45,540,741
IL	Chicago	386,664	7,488,944,040	6,290	354,117,085
IN	Indianapolis	235,264	3,542,459,091	2,601	106,722,925
IA	Des Moines	127,729	1,829,844,846	766	35,533,754
KS	Wichita	138,429	2,033,721,008	1,211	58,122,418
KY	Louisville	94,020	1,587,884,304	1,794	78,228,338
LA	New Orleans	171,998	3,631,247,907	1,612	94,934,333
ME	Togus	62,732	916,974,528	815	39,049,383
MD	Baltimore	174,851	3,756,941,075	2,896	208,956,255
MA	Boston	409,672	4,889,955,405	682	47,209,111
MI	Detroit	342,663	4,747,746,832	3,977	164,498,208
MN	St. Paul	264,276	5,763,060,011	3,729	255,152,572
MS	Jackson	96,475	1,878,373,925	1,310	65,496,886
MO	St. Louis	213,622	3,298,632,910	2,275	109,805,973
MT	Ft. Harrison	35,216	815,514,608	721	40,629,305
NE	Lincoln	73,967	1,574,531,725	1,610	88,192,619
NV	Reno	14,195	439,747,830	386	31,130,172
NH	Manchester	60,610	877,522,116	511	35,215,036
NJ	Newark	450,747	7,673,220,808	2,788	161,659,094
NM	Albuquerque	67,564	1,322,307,047	1,403	90,528,876
NY	Buffalo	170,987	2,086,738,454	631	28,568,496
	New York	705,833	8,230,374,906	894	46,590,379
NC	Winston-Salem	233,057	5,188,552,979	6,819	321,092,763
ND	Fargo	22,336	406,047,210	321	14,510,515
OH	Cleveland	574,072	9,870,307,289	5,255	245,031,503
OK	Muskogee	202,259	3,694,990,850	3,218	173,295,276
OR	Portland	68,298	1,261,656,308	616	39,095,448
PA	Philadelphia	369,053	4,457,130,347	1,847	90,855,603
	Pittsburgh	189,381	2,177,685,669	622	26,475,856
PR	San Juan	38,905	1,005,906,555	184	10,052,655
RI	Providence	27,420	290,745,587	180	12,250,594
SC	Columbia	127,818	2,888,659,391	3,650	179,534,439
SD	Sioux Falls	23,629	370,186,922	550	27,689,591
TN	Nashville	213,393	3,859,010,965	3,765	195,633,771
TX	Houston	465,606	11,424,623,347	8,133	534,835,197
	Waco	448,346	10,372,936,152	12,157	747,308,874
UT	Salt Lake City	74,517	1,808,953,474	1,215	76,764,160
VT	White River Jct.	22,797	206,878,310	47	2,642,680
VA	Roanoke	261,128	6,672,169,930	7,858	524,014,698
WA	Seattle	228,327	5,073,376,660	4,296	288,453,241
WV	Huntington	38,547	578,108,120	384	17,836,263
WI	Milwaukee	147,721	2,504,719,541	2,442	127,554,640
WY	Cheyenne	29,298	840,531,320	692	42,177,042

* Includes direct loans sold with a guaranty and mobile home loans.

GUARANTEED OR INSURED HOME LOAN FORECLOSURE RATES
CUMULATIVE THROUGH SEPTEMBER 30, 1985

	Number of Loans		
	Closed	Foreclosed 1/	Foreclosure Rate(%)
Totals	11,535,046	484,782	4.2
AL Montgomery	183,024	9,688	5.3
AK Anchorage	16,763	164	1.0
AZ Phoenix	174,516	8,555	4.9
AR Little Rock	68,082	2,489	3.7
CA Los Angeles	1,101,358	50,645	4.6
San Francisco	600,447	14,499	2.4
CO Denver	321,623	12,392	3.9
CT Hartford	119,252	1,401	1.2
DE Wilmington	35,764	1,354	3.8
DC Washington	19,760	461	2.3
FL St. Petersburg	417,116	28,735	6.9
GA Atlanta	290,886	15,791	5.4
HI Honolulu	30,739	235	0.8
ID Boise	43,148	1,307	3.0
IL Chicago	377,272	22,555	6.0
IN Indianapolis	229,362	10,788	4.7
IA Des Moines	117,810	2,936	2.5
KS Wichita	132,357	9,416	7.1
KY Louisville	89,042	2,979	3.3
LA New Orleans	168,989	6,919	4.1
ME Togus	59,689	2,003	3.4
MD Baltimore	172,436	5,436	3.2
Washington, DC	122,927	1,386	1.1
MA Boston	401,504	8,508	2.1
MI Detroit	336,775	25,288	7.5
MN St. Paul	251,659	5,895	2.3
MS Jackson	91,086	5,162	5.7
MO St. Louis	203,394	9,541	4.7
MT Ft. Harrison	33,260	812	2.4
NE Lincoln	70,964	1,615	2.3
NV Reno	13,940	294	2.1
Los Angeles, CA	45,428	2,908	6.4
NH Manchester	58,337	1,548	2.7
NJ Newark	436,395	17,998	4.1
NM Albuquerque	65,392	3,943	6.0
NY Buffalo	167,784	1,871	1.1
New York	614,539	13,322	2.2
NC Winston-Salem	222,499	7,736	3.5
ND Fargo	18,625	484	2.6
OH Cleveland	568,346	36,947	6.5
OK Muskogee	195,406	8,770	4.5
OR Portland	55,041	1,370	2.5
PA Philadelphia	362,832	18,539	5.1
Pittsburgh	178,592	4,466	2.5
PR San Juan	38,599	2,965	7.7
RI Providence	26,747	647	2.4
SC Columbia	121,200	6,085	5.0
SD Sioux Falls	20,029	439	2.2
TN Nashville	210,358	6,705	3.2
TX Houston	457,393	28,929	6.3
Waco	429,178	22,337	5.2
Little Rock, AR	1,540	91	5.9
UT Salt Lake City	73,138	2,002	2.7
VT White River Jct.	21,325	526	2.5
VA Roanoke	257,692	5,525	2.1
Washington, DC	154,456	787	0.5
WA Seattle	221,457	10,204	4.6
Portland, OR	8,249	442	5.4
WV Huntington	36,991	944	2.6
Pittsburgh, PA	4,411	101	2.3
WI Milwaukee	140,167	5,572	4.0
WY Cheyenne	27,956	1,330	4.8

1/ Claims paid on home loans, only.

SUMMARY OF OTHER PROGRAM INFORMATION

GUARANTEED OR INSURED LOANS BY ENTITLEMENT

In 1985, of 178,790 GI loans closed, 41.8 percent were to Vietnam Era veterans; 7.4 percent to Post-Korean veterans; 20.0 percent to servicepersons; 2.4 percent to Korean Conflict veterans; 3.2 percent to World War II veterans; 0.1 percent for Public Law 94-324; 10.8 percent for restored and 14.1 percent to post Vietnam Era veterans; and 0.2 percent to surviving spouses and wives of POW/MIA. In addition, 141 direct loans sold with a guaranty during 1983 are included in 1985 total guaranteed loans closed due to timeliness of reporting data. The following table shows GI loans closed by entitlement:

	1984 Actual	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
World War II	9,071	5,692	5,460	6,000	+ 540
Public Law 94-324	380	231	180	200	+ 20
Korean Conflict	6,744	4,385	4,550	5,000	+ 450
Post-Korean	20,276	13,169	13,650	15,000	+ 1,350
Vietnam Era	109,548	74,665	76,440	84,000	+ 7,560
Post Vietnam Era.................	27,243	25,247	25,480	28,000	+ 2,520
Servicepersons	50,592	35,724	36,400	40,000	+ 3,600
Restored	26,519	19,297	19,475	21,400	+ 1,925
Surviving spouses and wives of POW/MIA	629	380	365	400	+ 35
Total GI loans closed	251,002	178,790	182,000	200,000	+18,000
Direct loans sold with a guaranty	586	141	...	...	...
Total guaranteed or insured loans	251,588	178,931	182,000	200,000	+18,000

During 1985, 178,790 loans were guaranteed, of which 13,920 were for refinancing loans. Vietnam era veterans continue to account for the majority of the loans.

GI loans closed from the beginning of the program through 1985 total 11,933,387 with a principal amount of $244.1 billion. These totals included 111,535,046 home loans aggregating $241.5 billion, 97,938 mobile homes totaling $1.7 billion, 71,158 farm loans for $283.9 million, and 229,245 business loans for $652.1 million.

As of September 30, 1985, of the 11,933,387 loans closed from the beginning of the program, 4,162,393 remained outstanding with loan balances of $129.9 billion with an estimated contingent liability of $55.7 billion.

AVERAGE LOSS PER PROPERTY SOLD

The summary below measures the average loss on sale of properties acquired from holders through claim payments and liquidation of defaulted guaranteed and insured loans in 1984 and 1985. Some of this loss is recovered from the collection of veterans indebtedness and from interest income from term sale of properties. This table excludes administrative costs, interest costs to the Government, the cost to VA of repurchasing loans sold, and the revenue generated from the funding fees.

	1984	1985
Net claim amount.................	$6,923	$ 8,560
Additional cost to acquire.......	40,562	43,004
Capitalized improvements and rehabilitation costs...........	1,303	1,185
Property Operating Expenses:		
Taxes..........................	706	844
Special assessments............	22	25
Other..........................	1,004	1,097
Selling expense..................	2,076	2,336
Total costs..................	$52,596	$57,051
Less: selling price.............	-41,777	-42,291
Average loss per property sold...	$10,819	$14,760

Cumulatively through September 30, 1985, the VA sold 509,865 properties of the 534,504 properties acquired from foreclosed GI loans and VA portfolio loans (5,998 of the properties acquired were redeemed). Net expenses on the properties sold included $484 million in management expenses while they were in VA custody and $486 million for sales expense for a net loss of $970 million, or an average loss of $1,902 on all classes of properties sold since the beginning of the program.

GUARANTEED LOANS

PERCENTAGE OF LIQUIDATED GI LOANS BY LIFE OF LOAN

Six Month Period Ending 9-30-85

Life of Loan Months	% Home Loans	% Condo Loans	% Mobile Home Loans
0-11	1.04	0.00	12.89
12-23	17.92	26.97	25.37
24-35	18.84	23.59	24.52
36-47	11.75	11.24	17.55
48-59	14.41	20.22	9.41
60-71	13.45	14.61	6.07
72-83	8.54	2.25	2.35
84-95	4.77	0.00	1.13
96-107	2.96	0.00	0.33
108-119	1.53	1.12	0.05
Over-119	4.79	0.00	0.33
Total	100.00	100.00	100.00

VENDEE LOANS, LOANS SOLD, AND LOANS REPURCHASED

Vendee loans are mortgage loans or installment contracts established when the VA sells acquired property for less than all cash. The interest rate on these vendee loans is equal to or, in some cases, below the rate on VA guaranteed loans. They have been available to anyone who qualifies, regardless of veteran status. These loans are later sold to private investors, with the provision that in case of default they will be repurchased by the Veterans Administration.

From the inception of the program through the end of 1985, $5.7 billion has been received from the sale of vendee loans. During this same period, $769.8 million, or 13.6 percent of these loans have been repurchased. In comparison, the cumulative default rate on VA guaranteed loans has been 4 percent.

Years	Loans Sold (net)	Loans Repurchased
1962-70 1/	$986,206	$175,509
1971	185,254	13,400
1972	190,557	17,058
1973	319,271	24,231
1974	178,093	31,114
1975	162,922	30,579
1976	293,200	28,425
T.Q.	96,083	6,623
1977	289,547	43,522
1978	198,423	43,633
1979	...	28,930
1980	172,713	18,160
1981	42,906	19,183
1982	338,092	23,141
1983	683,909	72,525
1984	853,668	82,291
1985	688,025	111,483
Total	$5,678,869	$769,807
Estimated		
1986	$ 729,985	$ 99,092
1987	766,820	102,764

1/ Cumulative from inception of program.

PROPERTY ACQUISITIONS AND DISPOSITIONS

Properties acquired as a result of foreclosure are sold either for cash or on terms. In term sales, VA takes back a first mortgage or establishes an installment contract with the borrower. Cumulatively through 1985, 466,901 of these loans, called vendee accounts, had been established. Vendee loans have been made for 91.6 percent of all properties sold by VA through 1985. In 1985 alone, of the 28,399 properties sold, 7,810 were sold for cash and 20,589 were sold on terms. Total sales value was $1,156 million, with $833.1 million in term sales.

The following table shows the property acquisitions and disposals from both foreclosed GI loans and vendee accounts.

Years	Acquired	Redeemed	Sold	Inventory End of Year
Cumulative				
1951-72	302,306	3,004	289,024	10,278
1973	16,843	219	15,698	11,204
1974	17,395	243	17,355	11,001
1975	16,921	324	16,849	10,749
1976	18,240	335	17,273	11,381
T.Q.	4,134	61	4,411	11,043
1977	17,495	225	16,628	11,685
1978	15,499	253	15,676	11,255
1979	13,077	259	14,658	9,415
1980	11,549	207	11,780	8,977
1981	13,326	211	10,645	11,447
1982	16,656	164	10,775	17,164
1983	21,411	153	18,550	19,872
1984	24,277	175	22,144	21,830
1985	25,375	165	28,399	18,641
Total	534,504	5,998	509,865	
Estimate				
1986	25,240	210	27,950	15,721
1987	23,100	190	25,310	13,321

The inventory of real property decreased by 14.6 percent from 1984 to 1985. Property sales and redemptions increased by 28%, and property acquisitions increased by 4.5%. The inventory at the end of 1985 has a total value of $700 million.

NUMBER OF PROPERTIES IN ABSOLUTE TITLE BY AMOUNT OF TIME IN VA INVENTORY
September 30, 1985

	Number of Months in Inventory					
Type of Property	0-5 Months	6-11 Months	12-17 Months	18-23 Months	24 Months or More	Total
Single Family	7,610	5,392	2,394	1,081	1,015	17,492
Condominium	25	23	9	9	6	72
Total	7,635	5,415	2,403	1,090	1,021	17,564

DEFAULT AND CLAIM AGING ANALYSIS ON PORTFOLIO LOANS
(AS OF 9-30-85)

	Number of Months Delinquent			
Type	1-3 Months	3-6 Months	More than 6 Months	Total
Direct Loan	900	196	239	1,335
Vendee	5,777	2,034	2,597	10,408

DIRECT LOAN REVOLVING FUND

APPROPRIATION LANGUAGE

During [1986] 1987, within the resources available, [not to exceed $1,000,000 in] gross obligations for direct loans [is] are authorized [for] in such amounts as may be necessary to carry out the purposes of the program of specially adapted housing loans (38 U.S.C. chapter 37).

[Section 416. Notwithstanding any other provision of this Act, amounts otherwise provided by this Act for the following accounts and activities are reduced by the following amounts:

"Direct loan revolving fund (limitation on direct loans)", $11,000. (Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1986.)]

EXPLANATION OF LANGUAGE CHANGE

In 1987, it is requested that a specific dollar amount associated with the limitation for specially adapted housing direct loans be deleted. The limitation has never been approached.

PROGRAM DESCRIPTION

The Veterans Administration Direct loan program was originally intended to provide mortgage monies in certain geographic areas where private sources of mortgage funds were unavailable. The program was initiated by Public Law 81-475, effective July 25, 1950. It was expected to terminate on June 30, 1951 but, over the years, the termination date has been extended.

Direct loan authority, open-ended eligibility, and revival of expired unused entitlement were made possible to World War II and Korean Conflict veterans by Public Law 91-506 on October 23, 1970. Today, direct loans are restricted, by appropriation language, to severely disabled veterans who require specially adapted housing assistance.

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:				
Direct loans to veterans	$ 212	$ 235	$ 230	$- 5
Vendee (direct) loans.........	1,327	1,300	1,270	- 30
Cash advances and repurchases, vendee loans................	898	995	985	- 10
Interest expense	6,565	6,565	6,565	...
All other	397	374	368	- 6
Total obligations	$ 9,399	$ 9,469	$ 9,418	$- 51
Offsetting collections	$ 59,589	$ 54,615	$ 52,380	$-2,235
Outlays	$-40,675	$-44,740	$-43,453	$+1,287
Workload:				
Number of loans approved	7	9	8	- 1
Number of loans closed	7	8	8	...
Properties improved	87	92	89	- 3

SUMMARY OF BUDGET REQUEST

Collections, primarily from loan repayments ($29.6 million), interest on loans ($10 million) and investment income ($10.8 million) are more than adequate to fund the $9.4 million in estimated obligations during 1987. A transfer of $125 million from this account is requested to help fund the Loan guaranty program during 1987.

CHANGES FROM ORIGINAL 1986 BUDGET ESTIMATES
(dollars in thousands)

	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Major Activities:			
Direct loans to veterans	$ 454	$ 235	$- 219
Vendee (direct) loans	1,382	1,300	- 82
Cash advances and repurchases, vendee loans	444	995	+ 551
Interest expense	6,565	6,565	...
All other	393	374	- 19
Total obligations	$ 9,238	$ 9,469	$+ 231
Offsetting collections	$ 57,594	$ 54,615	$-2,979
Outlays	$-45,600	$-44,740	$+ 860
Workload:			
Number of loans approved (SAH)	15	9	- 6
Number of loans closed (SAH)	15	8	- 7
Properties improved	75	92	+ 17

Based on recent experience, estimates for specially adapted housing loans were reduced. Collections were revised downward by nearly $3 million due to projected declines of $3.1 million in loan repayments and $542 thousand in investment income from the participation sales fund (PSF). These decreases were partially offset by higher interest revenue of $600 thousand. Vendee (direct) loans represent the sale of physical assets on credit terms. The $1.3 million obligation shown is completely offset by a non-cash collection from the sale of the assets.

The "Balanced Budget and Emergency Deficit Control Act of 1985" (Public Law 99-177) mandates sequestration to achieve targeted deficit levels. The limitation on direct loans has been sequestered by $43,000, to a level of $946,000.

ANALYSIS OF INCREASES AND DECREASES-OUTLAYS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year outlays	$-40,675	$-44,740
Increases (+) and Decreases (-)		
Direct loans to veterans	+ 23	- 5
Vendee (direct) loans	- 27	- 30
Cash advances and repurchases, vendee loans	+ 97	- 10
All other	- 23	- 6
Offsetting collections	+ 4,974	+ 2,235
Change in obligated balances	- 9,109	- 897
Net changes	- 4,065	+ 1,287
Estimated outlays	$-44,740	$-43,453

In 1986, outlays are estimated to be $4.1 million less than 1985, reflecting a $5 million decrease in receipts and a $9.1 million decrease in obligated funds not disbursed. In 1987, outlays are anticipated to be $1.3 million more than 1986 because of a reduction of principal and interest repayments on outstanding loans.

SUMMARY OF WORKLOADS AND OBLIGATIONS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:					
Direct loans to veterans ...	$ 212	$ 454	$ 235	$ 230	$- 5
Vendee (direct) loans.......	1,327	1,382	1,300	1,270	- 30
Cash advances and repurchases, vendee loans......	898	444	995	985	- 10
Property improvements	49	58	49	48	- 1
Property management selling and operating expenses	348	335	325	320	- 5
Interest expense on participation certificates	6,565	6,565	6,565	6,565	...
Total obligations	$9,399	$9,238	$9,469	$9,418	$- 51
Offsetting Collections:					
Investment income from PSF net..........................	$14,517	$11,442	$10,900	$10,800	$- 100
Loans repaid:					
(a) Vendee loans..........	1,838	2,000	1,700	1,600	- 100
(b) Loans to veterans.....	29,468	31,800	29,000	28,000	-1,000
Interest on loans...........	11,678	10,400	11,000	10,000	-1,000
Sale of properties (Vendees)	1,327	1,382	1,300	1,270	- 30
All other...................	761	570	715	710	- 5
Total collections	$59,589	$57,594	$54,615	$52,380	$-2,235
Workload:					
Specially adapted housing loans approved	7	15	9	8	- 1
Specially adapted housing loans closed	7	15	8	8	...
Properties improved	87	75	92	89	- 3

Obligations are estimated to remain relatively constant through 1987, with interest expense on participation certificates being the largest component of obligations.

Investment income, loan repayments and interest revenue accounted for $57.5 million of the $59.6 million in total 1985 offsetting collections. Collections are expected to be lower in both 1986 and 1987, reflecting decreases in loan repayments and interest on loans.

In 1985, 7 specially adapted housing loans were closed at an average amount of $30,286. The number of loans are expected to remain at a low level through 1987.

ANALYSIS OF WORKLOADS AND OBLIGATIONS

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Direct loans to veterans				
Specially adapted housing loans closed:				
Number	7	8	8	...
Average per loan	$30,286	$29,375	$28,750	$-625
Amount (000)	$ 212	$ 235	$ 230	$- 5
Loans approved				
Number	7	9	8	- 1
Average per loan	$31,429	$32,725	$32,750	$+ 25
Amount (000)	$ 220	$ 295	$ 262	$- 33

The number of direct loans disbursed are expected to be the same in 1986 and 1987. The decreases in the average cost per loan closed reflects lower housing costs.

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Vendee (direct) loans...............	$ 1,327	$ 1,300	$ 1,270	$- 30

This represents the sale of assets on credit terms. The obligations shown are completely offset by a non-cash collection from the sale of the assets.

All other:
(Property improvements, cash advances and repurchases of loans sold)

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Amount (000)	$ 947	$ 1,044	$ 1,033	$- 11

Properties are acquired either by foreclosure or the voluntary conveyance of title to properties securing loans owned by the Veterans Administration. Capital expenditures are often necessary to put properties in salable condition. Advances are occasionally made to borrowers to cover taxes, hazard insurance and necessary repairs. These amounts are added to the current loan balance.

Property management, selling and general operating expenses:

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Amount (000)	$ 348	$ 325	$ 320	$- 5

Property management expense includes local real estate taxes, services performed by management brokers and maintenance of the property in a salable condition. Sales expense includes brokers' fees and advertising expenses incident to the sale of property owned by the Veterans Administration. These expenses average approximately 5 percent of the selling price. Operating expenses generally include a variety of miscellaneous expenses paid by the Government, incident to closing and liquidating loans.

Interest expense on participation certificates:

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Amount (000)	$ 6,565	$ 6,565	$ 6,565	$ ...

This represents the amount of interest the trustee (GNMA) is required to pay holders of participation certificates with respect to direct loans that have been set aside pursuant to 38 U.S.C. 1820(e). To the extent this expense exceeds the amount of interest collected on an equal amount of loans pledged to the trustee, participation sales insufficiencies (PSI's) result.

SUMMARY OF FINANCING OF PSI's
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Total interest accrued on participation certificates	$ 6,565	$ 6,565	$ 6,565	$ ...
Interest collected from mortgages in FAFT pool	-1,235			
Mortgage interest deficiency	$ 5,330			
Financed by:				
Investment income earned by participation sales trust	$-14,517	$-10,900	$-10,800	$+100
Retained earnings reserved for payment of insufficiencies	9,187			
Budget authority	...	...	...	...

PROGRAM HIGHLIGHTS

The revenues and receipts from direct loan operations made funds available for the extension of credit to severely disabled veterans for specially adapted housing and for current expenses, excluding administrative costs. It also provides a source of financing to the Loan guaranty program through transfers of unobligated funds. A transfer of $125 million will be requested in 1987 to partially fund the Loan guaranty program.

In 1985, the Veterans Administration closed 7 direct loans to severely disabled veterans.

SUMMARY OF PROGRAM FINANCING
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Unobligated balance, start of year	$ 31,541	$ 77,320	$122,466	$+ 45,146
Offsetting collections:				
Capital receipts:				
Sale of properties (Vendees).......	1,327	1,300	1,270	- 30
Sale of properties (cash)	446	365	370	+ 5
Repayment of:				
Direct loans	29,468	29,000	28,000	- 1,000
Vendee loans	1,838	1,700	1,600	- 100
Other repayments	- 115	- 80	- 80	...
Total capital receipts	32,964	32,285	31,160	- 1,125
Operating income:				
Investment income from participation sales fund	14,517	10,900	10,800	- 100
Interest on loans	11,678	11,000	10,000	- 1,000
Rental and other revenue	430	430	420	- 10
Total operating income	26,625	22,330	21,220	- 1,110
Total offsetting collections	59,589	54,615	52,380	- 2,235
Total available	$ 91,130	$131,935	$174,846	$+ 42,911
Less:				
Unobligated balance transferred to other accounts:				
Loan guaranty revolving fund	...	...	-125,000	-125,000
Participation sales fund (HUD)	- 4,411	...	...	...
Obligations	- 9,399	- 9,469	- 9,418	+ 51
Unobligated balance, end of year	$ 77,320	$ 122,466	$ 40,428	$- 82,038
Relation of obligations to outlays:				
Obligations incurred, net	-50,190	- 45,146	- 42,962	+ 2,184
Receivables in excess of obligations:				
Start of year	- 7,384	- 16,899	- 17,305	- 406
End of year	+16,899	+ 17,305	+ 16,814	- 491
Outlays	$-40,675	$- 44,740	$- 43,453	$+ 1,287

SUMMARY OF FINANCIAL CONDITION
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Assets:				
Fund balance with Treasury	$ 60,421	$ 105,151	$ 23,571	$- 81,580
Current:				
Accounts receivable, net	2,489	2,664	2,700	+ 36
Interest collections held by or for trustee	26,711	24,426	28,772	+ 4,346
Total current assets	89,621	132,241	55,043	- 77,198
Loans receivable, net:				
Direct loans	137,790	123,631	89,164	- 34,467
Vendee loans	16,549	15,759	14,939	- 820
Total loans receivable, net	154,339	139,390	104,103	- 35,287
Real property owned, net:	1,177	1,127	1,077	- 50
Total assets	$ 245,137	$ 272,758	$ 160,223	$-112,535
Liabilities:				
Current:				
Accrued interest payable	618	618	618	...
Accounts payable and accrued liabilities	11,344	10,800	9,900	- 900
Deferred credits	303	200	100	- 100
Total current liabilities	12,265	11,618	10,618	- 1,000
Long-term:				
Participation certificates outstanding	105,144	105,144	105,144	...
Principal collections in escrow for trustee	353	...	...	...
Principal payment to be applied to redemption of participation certificates	- 92,503	- 78,562	- 78,562	...
Debt issued under borrowing authority Borrowing from Treasury	1,730,078	1,730,078	1,730,078	...
Net long-term liabilities	1,743,072	1,756,660	1,756,660	...
Total liabilities	$ 1,755,337	$ 1,768,278	$ 1,767,278	$ - 1,000
Government Equity:				
Retained income:				
Opening balance	$-1,529,281	$-1,510,200	$-1,495,520	$+ 14,680
Net income for the year	19,081	14,680	13,465	- 1,215
Distribution of income: Earnings transferred to loan guaranty revolving fund	...	...	- 125,000	-125,000
Government equity, end of year	-1,510,200	-1,495,520	-1,607,055	-111,535
Total liabilities & Gov't. equity	$ 245,137	$ 272,758	$ 160,223	$-112,535

SUMMARY OF REVENUE AND EXPENSE
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Revenue:				
Interest income	$ 11,678	$ 11,000	$ 10,000	$- 1,000
Investment income from participation sales fund	14,517	10,900	10,800	- 100
Rental and other revenue	430	430	420	- 10
Total operating income	$ 26,625	$ 22,330	$ 21,220	$- 1,110
Expenses:				
Funded operating expenses	$- 6,913	$- 6,890	$- 6,885	$+ 5
Unfunded operating expenses:				
Provision for allowances on unsold properties	- 54	- 60	- 70	- 10
Writeoffs	- 577	- 700	- 800	- 100
Total unfunded operating expenses	$- 631	$- 760	$- 870	$- 110
Total operating expenses	$- 7,544	$- 7,650	$- 7,755	$- 105
Net operating income	$ 19,081	$ 14,680	$ 13,465	$- 1,215
Non-operating income:				
Sale of properties:				
Cash proceeds	$ 446	$ 365	$ 370	$+ 5
Vendee loans established	$ 1,327	$ 1,300	$ 1,270	$- 30
Total sales	$ 1,773	$ 1,665	$ 1,640	$- 25
Book value of properties sold	$- 2,284	$- 2,300	$- 2,400	$- 100
Net non-operating income	$ 18,570	$ 14,045	$ 12,705	$- 1,340

SUMMARY OF LOAN SALES AND LOANS REPURCHASED
(dollars in thousands)

In the past, direct loans have been sold with a guarantee. Liability for these guarantees is the responsibility of the Loan guaranty revolving fund. In the event of default, the claim and property acquisition costs are paid from the Loan guaranty revolving fund.

Proceeds from the sale of loans are available for the capital expenditures of the Direct loan fund. From the inception of the program through 1985, over $1 billion has been received from the sale of direct loans and $16.3 million from vendee loans. Cumulative vendee loans repurchased totaled $963 thousand or 5.9 percent of vendee loans sold through 1985.

Fiscal Year	Direct Loans Sold	Vendee Loans Sold	Total Loans Sold	Total Loans Repurchased
1962-1970	$477,211	$1,383	$ 478,594	$169
1971	58,412	532	58,944	35
1972	190,643	...	190,643	6
1973	159,647	9,828	169,475	37
1974	30,216	415	30,631	159
1975	...	...	...	106
1976	...	...	...	79
TQ	...	...	...	17
1977	106,278	...	106,278	87
1978	...	...	...	49
1979	...	...	...	9
1980	...	...	...	56
1981	...	...	...	20
1982	...	...	...	111
1983	96,701	4,117	100,818	6
1984	...	...	...	7
1985	...	...	...	10
Total	$1,119,108	$16,275	$1,135,383	$963
1986	$...	$...	$...	$10
1987	$...	$...	$...	$10

SUMMARY OF STATEMENT OF ACCOUNTABILITY

The following table indicates by source the cumulative amount of funds that were available for the Direct loan revolving fund and their uses through September 30, 1985:

Source of Funds:	
Borrowed from Treasury	$ 1,733,055,599
Less:	
Repayments to Treasury	2,977,603
Capital transferred to Loan guaranty revolving fund	1,730,077,996
Interest bearing capital	...
Proceeds from sale of participation certificates:	
Gross from sale of P.C.'s	$ 1,097,000,000
Unobligated balance applied to redemption of unmatured P.C.'s	(88,591,259)
Net proceeds	1,008,408,741
Receipts from operations:	
Sale of loans (gross)	1,135,382,743
Repayments	1,092,282,652 1/
Income	1,586,094,553
Total net available	4,822,168,689
Use of Funds:	
Loans to veterans	3,465,346,954
Obligated for loans	379,100
Available for new loans	1,356,442,635
Total	4,822,168,689
Expenses and Losses:	
Interest on U. S. Treasury loans	531,576,822
Interest on participation certificates	472,788,828
Discount on loan sales	44,443,659
Other expenses and loans	1,762,751,074
Total	2,811,560,383
Earnings transferred to Loan guaranty revolving fund	283,793,004
Income:	
Interest on loans	1,321,699,079
Investment income	194,170,163
Rental and other revenue	69,283,781
Total	1,585,153,023
Deficit September 30, 1984	-1,510,200,364

1/ Excludes $1,116,667,007 principal collections transferred to the participation sales fund.

DIRECT LOAN FORECLOSURE RATES BY STATION

CUMULATIVE THROUGH SEPTEMBER 30, 1985

	Number of Loans		
	Closed	Foreclosed 1/	Foreclosure Rate(%)
Totals	333,199	11,792	3.5
AL Montgomery	7,990	166	2.1
AK Anchorage	1,651	90	5.5
AZ Phoenix	2,240	91	4.1
AR Little Rock	10,317	164	1.6
CA Los Angeles	1,977	146	7.4
San Francisco	2,930	72	2.5
CO Denver	3,773	165	4.4
CT Hartford	0	0	0.0
DE Wilmington	638	17	2.7
DC Washington	0	0	0.0
FL St. Petersburg	6,863	424	6.2
GA Atlanta	10,270	288	2.8
HI Honolulu	0	0	0.0
ID Boise	11,498	496	4.3
IL Chicago	11,582	746	6.4
IN Indianapolis	11,360	429	3.8
IA Des Moines	7,062	74	1.0
KS Wichita	5,108	155	3.0
KY Louisville	13,168	289	2.2
LA New Orleans	7,771	295	3.8
ME Togus	5,802	291	5.0
MD Baltimore	2,558	105	4.1
MA Boston	0	0	0
MI Detroit	8,805	588	6.7
MN St. Paul	17,903	616	3.4
MS Jackson	8,003	267	3.3
MO St. Louis	13,722	453	3.3
MT Ft. Harrison	7,503	245	3.3
NE Lincoln	5,538	57	1.0
NV Reno	938	26	2.8
NH Manchester	383	22	5.7
NJ Newark	0	0	0.0
NM Albuquerque	2,162	105	4.9
NY Buffalo	1,439	57	4.0
New York	1,241	53	4.3
NC Winston-Salem	14,290	484	3.4
ND Fargo	3,340	115	3.4
OH Cleveland	18,098	1,097	6.1
OK Muskogee	8,255	203	2.5
OR Portland	4,449	131	2.9
PA Philadelphia	3,691	61	1.7
Pittsburgh	4,280	278	6.5
PR San Juan	3,118	10	0.3
RI Providence	0	0	0.0
SC Columbia	7,258	278	3.8
SD Sioux Falls	5,864	206	3.5
TN Nashville	8,218	180	2.2
TX Houston	3,934	131	3.3
Waco	9,576	230	2.4
UT Salt Lake City	7,184	233	3.2
VT White River Jct.	1,604	34	2.1
VA Roanoke	11,714	233	2.0
WA Seattle	4,162	212	5.1
WV Huntington	11,580	428	3.7
WI Milwaukee	7,117	169	2.4
WY Cheyenne	3,272	87	2.7

1/ Includes voluntary conveyance.

PROPERTY ACQUISITIONS AND DISPOSITIONS

Properties acquired, as a result of foreclosure, are sold for either cash or on terms. In term sales, VA takes back a first mortgage or establishes an installment contract with the borrower. Cumulatively through 1985, 10,680 of these loans, called vendee accounts, have been established. This represents 85 percent of all direct loan properties sold through fiscal year 1985. In 1985 alone, of the 101 properties sold, 35 were sold for cash, and 66 were sold for terms. Total sales value was $1.8 million, with $1.3 million in term sales.

The following table shows the property acquisitions and disposals from both foreclosed direct loans and vendee accounts:

Fiscal Year	Acquired	Redeemed	Sold	Inventory End of Year
Cumulative 1951-1970	10,206	85	9,582	539
1971	540	21	615	443
1972	522	19	568	378
1973	378	19	484	253
1974	214	26	309	132
1975	139	34	152	85
1976	119	23	116	65
T.Q.	26	0	29	62
1977	89	5	109	37
1978	79	6	74	36
1979	63	2	59	38
1980	59	3	48	46
1981	78	2	55	67
1982	92	2	52	105
1983	83	1	97	90
1984	66	0	91	65
1985	87	0	101	51
Total	12,840	248	12,541	
1986	92	0	85	58
1987	89	0	82	65

The inventory of 51 properties at the end of fiscal year 1985 had a total value of $1.5 million.

Part 3. Insurance Appropriation and Funds

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INSURANCE PROGRAM SUMMARY

The Veterans Administration administers six life insurance programs for the benefit of servicepersons, veterans, and their beneficiaries and supervises the administration of a seventh. These programs are:

Veterans Insurance and Indemnities (VI&I) - the only program which requires an annual appropriation by the Congress. This account provides payment for extra hazard costs to the National service life insurance fund and the United States Government life insurance fund, supplements the Service-disabled veterans insurance fund, and provides direct payments to its policyholders. It had its origins in WWII and was closed to new issues in 1949. At the end of September 1985, there were 3,106 policies in force.

National Service Life Insurance (NSLI) - originated in 1940 during World War II. This program was closed to all new issues in 1951. At the end of September 1985, there were approximately 3.1 million policies in force.

United States Government Life Insurance (USGLI) - had its origin in World War I; was closed to all but World War I veterans in 1940, and to all new issues in 1951. At the end of September 1985, there were nearly 64,000 policies in force. Since January 1, 1983, this program no longer requires the payment of premiums.

Veterans Special Life Insurance (VSLI) - added during the Korean Conflict. It covers Korean Conflict veterans, those who served between April 1951 and January 1957. At the end of September 1985, there were approximately 367,000 policies in force.

Veterans Reopened Insurance (VRI) - issued for a period of one year, beginning May 1, 1965 for certain service and non-service disabled veterans who had active service during the period October 8, 1940 to January 1, 1957. This program was closed to applications May 2, 1966. At the end of September 1985, there were over 144,000 policies in force.

Service-Disabled Veterans Insurance (SDVI) - added in 1951 during the Korean Conflict by Amendment to the original NSLI Act. It provides insurance only to veterans with service-connected disabilities. This insurance is still available to new issues. At the end of September 1985, there were more than 186,500 policies in force.

Servicemen's Group Life Insurance (SGLI) - was established September 29, 1965 for active members of the uniformed services. Legislation has since extended coverage to cadets attending the service academies and members of the Reserves, National Guard, and the ROTC while on active duty for training. It provides for group life insurance coverage by non-government insurers. This program is administered by the Prudential Insurance Company under the supervision of the Veterans Administration. Premiums are paid by payroll deduction and extra hazards costs by contributions from the service departments involved. All claims and payments are administered by the insurer, with an annual accounting for its experience and activity under this program. The maximum amount of coverage has been periodically increased from the original $10,000 and is now $50,000. Premiums are projected to increase from $.08 to $.09 effective July 1, 1986.

The administrative expenses of the Veterans reopened insurance and the Servicemen's group life insurance programs are charged to the insureds. Administrative expenses in connection with the other programs are borne by the General operating expenses appropriation.

Seven separate funds: two trust funds, three public enterprise funds, one trust revolving fund, and one general fund, have been established in the U.S. Treasury as the financing mechanisms for the programs. All premiums and collections on insurance issued under a fund are credited to that fund and all payments on such insurance are made from that fund. The programs are operated on a commercial basis, to the extent possible, consistent with all applicable statutes.

These programs make significant contributions toward providing reasonably adequate insurance protection for veterans, their families and dependents. Disability income benefits are available on an optional basis, with the exception of SDVI. These policies provide for waiver of premium in the event of total disability. Permanent plan policies provide for additional benefits in the form of loans, cash surrender values, paid-up insurance and extended insurance features.

The Government life insurance programs have a significant impact on the economy:

Through 1985 payments to beneficiaries and to living policyholders have totaled about $42 billion since the inception of the various programs.

Beneficiaries of deceased policyholders were paid about $17.1 billion. Policyholders received about $15.6 billion in dividends and about $14.7 billion in disability payments, matured endowments, surrender value, and interest on dividends credits and deposits. Death claim payments and disability payments are expected to increase in 1986, to about $596.1 million, and $30.3 million respectively.

At the end of 1985, reserves totaled $12.1 billion, with $11.3 billion invested in U.S. Treasury securities. This investment reduces the Treasury's credit needs in the capital market.

SUMMARY OF INSURANCE PROGRAMS
(dollars in millions)

The following table shows data relative to each of the six insurance funds as of September 1985 for which the Veterans Administration is responsible and for SGLI, which the Veterans Administration supervises.

	Veterans Insurance & Indemnities WWII (VI&I)	National Service Life Inc. WWII (NSLI)	U.S. Govt. Life Ins. WWI (USGLI)	Veterans Special Life Ins. Korean (VSLI)	Veterans Reopened Ins. WWII-Korean (VRI)	Service-Disabled Vet. Ins. Open (SDVI)	Servicemen's Group Life Insurance (SGLI)	Total
Beginning......	8/1/46	10/8/40	1/1/19	4/25/51	5/1/65	4/25/51	9/29/65	
Closing Date...	12/31/49	4/24/51	4/24/51	12/31/56	5/2/66	Open to new issues	Open to new issues	
Policies in force, 5-yr. term...........	878	951,027	365	84,262	...	84,948	...	1,121,480
Policies in force permanent plans..........	2,228	2,154,548	63,495	282,281	144,053	101,637	...	2,748,242
Total policies in force	3,106	3,105,575	63,860	366,543	144,053	186,585	3,398,600*	7,268,322
Total insurance in force.....1)	$17	$22,148	$248	$3,219	$ 987	$1,692	$118,270	$146,581
Average amount per policy**...	$5,331	$7,132	$3,883	$8,782	$6,851	$9,068	$34,800	
Average age....	66.4	62.9	78.9	53.7	63.0	44.4	28.4	
Annual death rate per 1,000......	35.6	18.8	97.7	6.7	18.5	12.8	1.16	

* Group policy: Number of participants
** Whole dollars
1) Includes paid up additions

SUMMARY OF SELECTED FINANCIAL HIGHLIGHTS
(dollars in thousands)

	Budget Authority			Outlays			Dividends		
	1985	1986	1987	1985	1986	1987	1985	1986	1987
Veterans Insurance and Indemnities..........	$ 11,000	$ 9,745	$ 4,770	$ 10,916	$ 9,745	$ 4,770	...	...	...
National Service Life Insurance...........	$1,304,888	$1,360,800	$1,392,900	$ 955,965	$1,066,588	$1,170,400	$676,933	$762,500	$867,000
United States Government Life Insurance......	$ 21,556	$ 19,220	$ 17,320	$ 45,698	$ 44,230	$ 41,200	$ 15,423	$ 14,830	$ 12,800
Veterans Special Life Insurance................	...	...	...	$ -66,823	$ -71,910	$ -66,300	$ 63,184	$ 68,900	$ 75,000
Veterans Reopened Life Insurance................	...	...	...	$ 11,417	$ 43,603	$ - 4,540	$ 29,384	$ 34,930	$ 31,770
Service-Disabled Veterans Life Insurance.	...	...	...	$ - 3,168	$ - 587	$ 5,120	...	...	...
Total Administered......	$1,337,444	$1,389,765	$1,414,990	$ 954,005	$1,091,669	$1,150,650	$784,924	$881,160	$986,570
Servicemen's Group Life Insurance .... (supervised)	...	...	...	$ -19,750	$ 25,300	$ 35,100	...	....	...
Grand Total.............	$1,337,444	$1,389,765	$1,414,990	$ 934,255	$1,116,969	$1,185,750	$784,924	$881,160	$986,570

VETERANS INSURANCE AND INDEMNITIES

APPROPRIATION LANGUAGE

For military and naval insurance, national service life insurance, servicemen's indemnities, and service-disabled veterans insurance, as authorized by law (38 U.S.C. chapter 19; 70 Stat. 887; 72 Stat. 487) [$9,750,000] $4,770,000, to remain available until expended. (Department of Housing and Urban Development - Independent Agencies Appropriation Act, 1986).

PROGRAM DESCRIPTION

The Veterans insurance and indemnities appropriation is made up of the former appropriations for Military and Naval Insurance, applicable to World War I veterans, the National service life insurance, applicable to certain World War II veterans, and Servicemen's indemnities, applicable to Korean conflict veterans. The appropriation also provides supplemental funds for the Service-disabled veterans insurance fund (SDVI). Financing is mainly by Congressional appropriation and a small amount of premiums which is credited to this appropriation under authority contained in section 719(b), Title 38, U.S.C.

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:				
Payments to insurance trust funds	$ 1,795	$ 2,636	$ 2,076	$- 560
Direct payments to policyholders and beneficiaries..............	1,118	1,043	1,038	- 5
Payments to SDVI fund...........	8,499	6,976	2,045	-4,931
All other........................	100	110	109	- 1
Total obligations.............	$11,512	$10,765	$ 5,268	$-5,497
Offsetting collections............	$ 567	$ 518	$ 498	$- 20
Budget authority....................	$11,000	$ 9,745	$ 4,770	$-4,975
Outlays............................	$10,916	$ 9,745	$ 4,770	$-4,975
Insurance in Force:				
Number of policies..............	3,106	2,951	2,797	- 154
Amount...........................	$16,558	$15,549	$14,594	$- 955

SUMMARY OF BUDGET REQUEST

Operation of the Veterans insurance and indemnities program requires an annual appropriation by the Congress. The requested funds will provide for the payment of claims incident to Military and Naval insurance, National service life insurance and Servicemen's indemnities. Payments are also made to the Service-disabled veterans insurance fund to supplement premiums and other receipts in amounts necessary to pay claims on insurance policies issued to eligible veterans with service-incurred disabilities.

The Agency is requesting an appropriation of $4.8 million for 1987, a decrease of $5 million from the 1986 level, primarily to lower the reserve for contingency in the Service-disabled insurance fund to a more adequate level by the end of 1987.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate 1/	Current Estimate P.L. 99-160 With Adj. 2/	 P.L. 99-177 Adj. 3/	 Current Estimate	Current Estimate vs. Budget
Major Activities:					
Payments to insurance trust funds	$ 1,739	$ 2,636	$...	$ 2,636	$+897
Direct payments to policyholders and beneficiaries..............	1,141	1,043	...	1,043	- 98
Payments to SDVI fund...........	7,315	6,976	...	6,976	-339
All other........................	85	115	-5	110	+ 25
Total obligations.............	$10,280	$10,770	$ -5	$10,765	$+485
Offsetting collections..........	$ 530	$ 518	...	$ 518	$- 12
Budget Authority................	$ 9,750	$ 9,750	$ -5	$ 9,745	$- 5
Outlays.........................	$ 9,750	$ 9,750	$ -5	$ 9,745	$- 5
Insurance in Force:					
Number of policies............	2,948	2,951	...	2,951	+ 3
Amount........................	$15,772	$15,549	...	$15,549	$-223

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The "~~Balanced~~ Budget and Emergency Deficit Control Act of 1985" (Public Law 99-177) mandates sequestration to achieve targeted deficit levels. Policy loans have been sequestered to reduce outlays by $5 thousand.

ANALYSIS OF INCREASES AND DECREASES-OBLIGATIONS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year obligations.........................	$ 11,512	$ 10,765
Increases (+) and Decreases (-):		
Payment to insurance trust funds............	+ 841	- 560
Direct payment to policyholders and beneficiaries..............................	- 75	- 5
Payment to SDVI..............................	- 1,523	- 4,931
Policy loans.................................	+ 10	- 1
Net change................................	- 747	- 5,497
Estimated obligations..........................	$ 10,765	$ 5,268

Payments to trust funds (United States Government life insurance and National service life insurance) for claims traceable to the extra hazards of military service will peak in 1986, due to an expected large number of term renewals. Direct payments to policyholders and beneficiaries should follow a long range downward trend consistent with the policies in force caused by the advancing age of the insureds.

The payment to the Service-disabled veterans insurance fund will decrease in 1986, consistent with the needs of that fund. The payment to SDVI in 1987 will decrease by $4.9 million in order to bring the reserve for contingencies balance down to $1.7 million by the end of the year.

SUMMARY OF OBLIGATIONS, COLLECTIONS AND WORKLOADS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Obligations :					
Military and Naval insurance					
Disability claims	$ 155	$ 180	$ 151	$ 147	$- 4
National service life insurance					
Death claims	748	791	764	760	- 4
Cash surrenders	98	57	92	88	- 4
Disability claims	180	182	174	167	- 7
Matured endowments	92	21	127	125	- 2
Policy loans	100	85	110	109	- 1
Premiums waived and other	1,640	1,649	2,371	1,827	- 544
Subtotal	2,858	2,785	3,638	3,076	- 562
Service-disabled veterans insurance	8,499	7,315	6,976	2,045	-4,931
Total obligations	$11,512	$10,280	$10,765	$ 5,268	$-5,497
Financing:					
Offsetting Collections:					
Premiums earned	- 351	- 329	- 324	- 308	+ 16
Policy loans repaid	- 152	- 153	- 143	- 137	+ 6
All other	- 64	- 48	- 51	- 53	- 2
Total	- 567	- 530	- 518	- 498	+ 20
Unobligated balance:					
Start of year	- 447	...	- 502	...	+ 502
End of year	502	...	...	...	...
Budget Authority	$11,000	$ 9,750	$ 9,745	$ 4,770	$-4,975
Workload:					
Policies in force (BOY)	3,263	3,103	3,106	2,951	- 155
Policies matured through death	- 112	- 115	- 117	- 117	...
Cash surrenders	- 28	- 25	- 23	- 22	+ 1
Matured endowments	- 9	- 5	- 6	- 7	- 1
Replacement issues	5	5	5	5	...
Discontinuances, net	- 13	- 15	- 14	- 13	+ 1
Policies in Force (EOY)	3,106	2,948	2,951	2,797	- 154
Policy loans	33	35	39	36	- 3
Running disability awards	527	460	460	390	- 70

Death and disability claims should continue to follow trends appropriate to the aging of those policyholders who are covered directly by the Veterans insurance and indemnities appropriation. The payment to Service-disabled veterans insurance will decrease in 1986, in order to reduce the SDVI reserves. The transfers to the NSLI and USGLI trust funds, are expected to peak in 1986 due to term renewals and then begin a gradual decline consistent with the estimated number of policies in force.

PROGRAM HIGHLIGHTS

In 1986 the average premium for 3,106 policyholders covered directly by the Veterans insurance and indemnities appropriation was $118. Since the inception of this program in 1946, $7.8 billion has been disbursed into the economy in claims, indemnities and other benefits.

SERVICE-DISABLED VETERANS INSURANCE FUND

APPROPRIATION LANGUAGE

During 1987, within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the "Service disabled veterans insurance fund" (38 U.S.C. Chapter 19).

EXPLANATION OF LANGUAGE CHANGE

Credit activities of Federal programs are being reviewed more intensively and are being integrated into the executive and congressional budget review processes. Appropriation language is requested that focuses on this credit activity and provides authority to extend credit in amounts necessary to carry out the authorized program.

PROGRAM DESCRIPTION

The Service-disabled veterans insurance fund was established in 1951 as the financing mechanism for the insurance program, authorized by section 620 of the National Service Life Insurance Act of 1940, as amended. The Fund receives premiums and other collections, and pays claims on insurance policies issued to veterans with service-connected disabilities and whose service with the Armed Forces was after April 1951. The veterans must apply in writing for the insurance within one year from the date the disability was determined to be service-connected (38 U.S.C. 722). The plans are the same as those in the National service life insurance fund, except that the insurance pays no dividends. Since the fund insures medically substandard lives at standard rates of premiums, the Fund is not self-sustaining; revenue is not sufficient to meet costs of operation. It is operated on virtually a pay-as-you-go basis by making periodic transfers from the Veterans insurance and indemnities appropriation to meet current expenses.

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:				
Death claims	$ 22,575	$ 22,840	$ 23,460	$+ 620
Policy loans	6,430	6,614	7,011	+ 397
All other	6,357	6,649	6,529	- 120
Total obligations	$ 35,362	$ 36,103	$ 37,000	$+ 897
Offsetting collections	$ 37,947	$ 36,800	$ 31,803	$- 4,997
Outlays	$- 3,168	$- 587	$ 5,120	$+ 5,707
Insurance in Force:				
Number of policies	186,585	184,065	181,565	- 2,500
Amount	$1,691,985	$1,663,862	$1,639,878	$-23,984

SUMMARY OF BUDGET REQUEST

Program requirements of the Service-disabled veterans insurance fund are estimated to be $37 million in 1987, an increase of $897 thousand over 1986. Collections of $31.8 million from premium receipts, loan repayments and payments from the Veterans insurance and indemnities appropriation, as well as reserves brought forward, will be sufficient to meet all program requirements. No appropriation by the Congress is required.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	P.L. 99-160 With Adj. 2/	P.L. 99-177 Adj. 3/	Current Estimate	Current Estimate vs. Budget
Major Activities:					
Death claims	$ 22,170	$ 22,840	$ ...	$ 22,840	$+ 670
Policy loans	9,280	6,911	-297	6,614	- 2,666
All other	6,650	6,649	...	6,649	- 1
Total obligations	$ 38,100	$ 36,400	$-297	$ 36,103	$- 1,997
Offsetting collections	$ 37,100	$ 36,800	...	$ 36,800	$- 300
Outlays	$ 1,000	$- 290	$-297	$ -587	$- 1,587
Insurance in Force:					
Number of policies	185,184	184,065	...	184,065	- 1,119
Amount	$1,679,063	$1,663,862	...	$1,663,862	$-15,201

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The "Balanced Budget and Emergency Deficit Control Act of 1985" (Public Law 99-177) mandates sequestration to achieve targeted deficit levels. Policy loans have been sequestered to reduce outlays by $297 thousand.

ANALYSIS OF INCREASES AND DECREASES-OUTLAYS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior Year outlays	$-3,168	$- 587
Increases (+) Decreases (-):		
Death claims	+ 265	+ 620
Cash surrenders	+ 21	- 100
Matured endowments and other expenses	+ 282	- 20
Policy loans and liens made	+ 173	+ 397
Premiums earned	- 224	+ 336
Payment from Veterans insurance and indemnities	+1,523	+4,931
Policy loans & liens repaid	- 99	- 190
Interest on policy loans	+ 81	- 80
Other income (optional settlements)	- 134	...
Change in obligated balance	+ 693	- 187
Net change	+2,581	+5,707
Estimated outlays	$- 587	$ 5,120

Death claims and matured endowments are increasing due to the advancing age of the policyholders. Policy loans reflect the increasing policy reserve amounts. The payment from Veterans insurance and indemnities will be lower in 1986 due to a higher than anticipated end of year reserve.

SUMMARY OF OBLIGATIONS, COLLECTIONS AND WORKLOADS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Obligations:					
Death claims	$22,575	$22,170	$22,840	$23,460	$+ 620
Cash surrenders	5,779	5,760	5,800	5,700	- 100
Matured endowments	488	760	760	740	- 20
Policy loans	6,430	9,281	6,614	7,011	+ 397
Policy liens	100	119	89	89	...
Other	- 10	10	...	...	...
Total obligations	$35,362	$38,100	$36,103	$37,000	$+ 897
Offsetting Collections:					
Premiums earned	$20,880	$19,970	$21,104	$20,768	$- 336
Interest income	2,461	2,650	2,380	2,460	+ 80
Payment Vet. ins. and indem.	8,499	7,315	6,976	2,045	-4,931
Policy loans repaid	5,607	6,715	5,680	5,870	+ 190
Other income	500	450	660	660	...
Total offsetting collections	$37,947	$37,100	$36,800	$31,803	$-4,997
Workload:					
Policies in force (BOY)	188,964	187,104	186,585	184,065	-2,520
Policies matured through death	-2,456	-2,335	-2,420	- 2,460	- 40
Cash surrenders	-1,875	-1,860	-1,850	- 1,800	+ 50
Matured endowments	- 82	- 115	- 110	- 120	- 10
Replacement issues	93	85	90	100	+ 10
New issues	4,639	5,135	4,440	4,420	- 20
Discontinuances, net	-2,698	-2,830	-2,570	-2,640	+ 30
Policies in force (EOY)	186,585	185,184	184,065	181,565	-2,500
Policy loans	4,520	7,020	5,060	5,120	+ 60

Death claims are increasing due to the advancing age of the policyholders. The increase in policy loans, $397 thousand in 1987, is primarily due to higher reserve values and more attractive interest rates. Offsetting collections, primarily from premiums earned, policy loans repaid and interest income, are augmented by transfers from the Veterans insurance and indemnities appropriation as required by the fund.

In 1985, obligations were $35.4 million of which $22.6 million were for death claims; $6.4 million for policy loans and $5.8 million for cash surrenders.

The 1986 current estimate of obligations is $2 million less than the original 1986 budget estimate, primarily due to decreases in policy loans of $2.7 million.

Obligations in 1987 are expected to be $897 thousand greater than in 1986, due to increases in death claims.

OPERATING RESULTS AND FINANCIAL CONDITION
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate
Assets:			
Fund balance with Treasury	$ 9,576	$ 9,866	$ 4,746
Accounts receivable (net)	1,354	1,450	1,507
Policy loans	37,959	39,188	40,327
Policy liens	601	592	583
Total assets	$ 49,490	51,096	$ 47,163
Liabilities:			
Accounts payable and accrued liabilities	$ 3,177	$ 3,134	$ 3,322
Deferred credits	1,271	1,300	1,246
Insurance reserves:			
Reserve for cash surrender value	240,336	251,387	262,166
Reserve for future installments on matured contracts	4,873	4,637	4,400
Total liabilities	$ 249,657	$ 260,458	$ 271,134
Government equity:			
Unexpended balances: Unobligated balance	$ 6,482	$ 6,882	$ 1,685
Insurance reserves	-206,649	-216,244	-225,656
Total Government equity	$-200,167	$-209,362	$-223,971
Analysis of changes in government equity:			
Paid-in capital	$ 4,500	$ 4,500	$ 4,500
Deficit:			
Opening balance	-197,390	-204,666	-213,862
Transactions:			
Net operating loss	- 15,774	- 16,172	- 16,654
Payment from Veterans insurance and indemnities appropriation	8,499	6,976	2,045
Closing balance	-204,666	-213,862	-228,471
Total Government equity (end of year)	$-200,167	$-209,362	$-223,971

The outstanding policy loans are expected to increase by $1.2 million in 1986, then increase by another $1.1 million in 1987. Outstanding policy loans in 1985 made up 76.7 percent of the assets.

In 1985, miscellaneous accounts payable and accrued liabilities constituted 71.4 percent of current liabilities. Premiums paid in advance of the reporting period and other deferred credits make up the remainder. The long term liabilities (insurance reserves) represent payments that would have to be made if the fund were dissolved at the end of that fiscal year.

The Government equity consists of the initial capital contribution of $4.5 million less the deficit of the fund. The deficit is expected to increase by about $23.8 million in the next two years.

SUMMARY OF REVENUE AND EXPENSE
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate
Revenue:			
Funded:			
Premiums earned (collected)	$ 20,880	$21,104	$ 20,768
Interest on investments	2,461	2,380	2,460
Other income	425	560	560
Unfunded:			
Premiums earned (waivers)	9,244	9,345	9,445
Total	33,010	33,389	33,233
Expense:			
Funded:			
Death claims	22,575	22,840	23,460
All other	6,257	6,560	6,440
Unfunded:			
Premiums earned (waivers)	9,244	9,345	9,445
Increase in operating reserves	10,709	10,816	10,542
Total	-48,785	-49,561	-49,887
Net operating loss	$-15,774	$-16,172	$-16,654

SUMMARY OF OBLIGATIONS BY OBJECT
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Investments and loans	$ 6,530	$ 6,703	$ 7,100	$+397
Insurance claims and indemnities	28,832	29,400	29,900	$+500
Total	$35,362	$36,103	$37,000	$+897

PROGRAM HIGHLIGHTS

During 1985, the average lump sum death was $8,830 on 2,400 policies. Since the beginning of this program in 1951, over $520.7 million has been disbursed with $347 million paid in death benefits.

VETERANS REOPENED INSURANCE FUND

APPROPRIATION LANGUAGE

During 1987, within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the "Veterans reopened insurance fund" (38 U.S.C. Chapter 19).

EXPLANATION OF LANGUAGE CHANGE

Credit activities of Federal programs are being reviewed more intensively and are being integrated into the executive and congressional budget review processes. Appropriation language is requested that focuses on this credit activity and provides authority to extend credit in amounts necessary to carry out the authorized program.

PROGRAM DESCRIPTION

This revolving fund finances the payment of claims and administrative costs on insurance policies issued after April 30, 1965 and prior to May 3, 1966, under three insurance programs (38 U.S.C. 725). They are as follows: Veterans Service-Disabled Standard Insurance for veterans with service-connected disabilities, but who were otherwise insurable according to established good health standards; Veterans Service-Disabled Rated Insurance for veterans with service-connected disabilities who do not qualify for insurance at standard premium rates solely because of their service-connected disability; and the Non-Service-Disabled Insurance for veterans with non-service incurred disabilities who are unable to obtain commercial insurance at standard rates.

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:				
Death claims...............	$ 19,851	$ 20,230	$ 20,120	$- 110
Dividends..................	29,384	34,930	31,770	- 3,160
Policy loans...............	6,451	5,713	5,570	- 143
Matured endowments.........	39,158	62,890	6,760	-56,130
All other..................	7,736	6,240	6,340	+ 100
Total obligations........	$102,580	$130,003	$ 70,560	$-59,443
Offsetting collections.......	$ 87,652	$ 84,300	$ 73,500	$-10,800
Outlays......................	$ 11,417	$ 43,603	$ -4,540	$-48,143
Insurance in Force:				
Number of policies.........	144,053	132,213	128,983	- 3,230
Amount.....................	$986,671	$923,234	$899,309	$-23,925

SUMMARY OF BUDGET REQUEST

In 1987, obligations of $70.6 million will be offset by premiums, investment income, and policy loans repaid therefore, action by the Congress is not required.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	P.L. 99-160 with Adj. 2/	P.L. 99-177 Adj 3/	Current Estimate	Current Estimate vs. Budget
Major Activities:					
Death claims...............	$ 21,380	$ 20,230	$ ...	$ 20,230	$-1,150
Dividends..................	27,200	34,930	...	34,930	+7,730
Policy loans...............	8,880	5,970	-257	5,713	-3,167
Matured endowments.........	62,800	62,890	...	62,890	+ 90
All other..................	5,940	6,240	...	6,240	+ 300
Total obligations........	$126,200	$130,260	$-257	$130,003	$+3,803
Offsetting collections.......	$ 77,100	$ 84,300	...	$ 84,300	$+7,200
Outlays......................	$ 46,400	$ 43,860	$-257	$ 43,603	$-2,797
Insurance in Force:					
Number of policies.........	133,482	132,213	...	132,213	-1,269
Amount.....................	$916,888	$923,234	...	$923,234	$+6,346

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The "Balanced Budget and Emergency Deficit Control Act of 1985" (Public Law 99-177) mandates sequestration to achieve targeted deficit levels. Policy loans have been sequestered to reduce outlays by $257 thousand.

ANALYSIS OF INCREASES AND DECREASES-OUTLAYS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year outlays...............	$ 11,417	$ 43,603
Increases (+) and Decreases (-):		
Death and disability claims....	+ 451	- 70
Cash surrenders................	- 1,574	- 80
Matured endowments.............	+23,732	-56,130
Dividends......................	+ 5,546	- 3,160
Policy loans and liens.........	- 730	- 143
Interest paid on dividend credit and deposits..................	+ 282	+ 160
General operating expense	- 284	- 20
Premiums earned................	+ 1,549	+ 3,140
Interest on U.S. securities....	+ 2,787	+ 660
Loans and liens repaid.........	- 1,555	+ 6,660
Interest on policy loans.......	+ 586	+ 340
Other income (optional settlements)..................	- 15	...
Change in obligated balance....	+ 1,411	+ 500
Net Change...................	+32,186	-48,143
Estimated outlays................	$ 43,603	$- 4,540

Matured endowments will peak in 1986, as the 20 year endowment policies mature. Policy loans should decline in both 1986 and 1987, due to a reduction in capitalized interest as the loan rate declines. Premiums earned are decreasing due to a decline in the number of policies in force. Interest rates on current investments in U.S. securities range from 7.1 percent to 13.8 percent. Interest on investments will decline in 1986 and 1987 due to an expected decline in interest rates.

SUMMARY OF OBLIGATIONS COLLECTIONS AND WORKLOADS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Obligations:					
Death claims..........	$ 19,851	$ 21,380	$ 20,230	$20,120	$- 110
Dividends.............	29,384	27,200	34,930	31,770	- 3,160
Cash surrenders.......	4,254	2,953	2,680	2,600	- 80
Disability claims.....	1,138	1,205	1,210	1,250	+ 40
Matured endowments....	39,158	62,800	62,890	6,760	-56,130
Interest on dividends.	968	812	1,250	1,410	+ 160
Policy loans..........	6,451	8,880	5,713	5,570	- 143
Policy liens..........	22	20	30	30	...
Gen. operating expense	1,354	950	1,070	1,050	- 20
Total obligations...	$102,580	$126,200	$130,003	$70,560	$-59,443
Offsetting Collections:					
Premiums earned.......	$ 21,329	$ 18,355	$ 19,780	$16,640	$- 3,140
Interest on investments	52,417	46,730	49,630	48,970	- 660
Interest on Policy Loan.................	2,566	2,680	1,980	1,640	- 340
Policy loans and liens repaid...............	10,995	8,950	12,550	5,890	- 6,660
Other income..........	345	385	360	360	...
Total collections....	$ 87,652	$ 77,100	$ 84,300	$73,500	$-10,800
Workloads:					
Policies in force (BOY).	152,452	145,352	144,053	132,213	-11,840
Policies matured through death.................	-3,011	-3,195	-3,110	-3,110	...
Cash surrenders.........	- 849	- 410	- 470	- 430	+ 40
Matured endowments......	-5,580	-9,430	-9,430	- 900	+ 8,530
Replacement issues......	1,244	1,065	1,070	1,120	+ 50
Discontinuances, net....	- 203	100	100	90	- 10
Policies in force (EOY).	144,053	133,482	132,213	128,983	- 3,230
Policy loans............	2,298	3,790	2,450	2,270	- 180
Running disability awards	1,267	1,320	1,340	1,400	+ 60

Obligations totalled $102.6 million in 1985, of which $19.9 million was for the payment of death claims, $29.4 million for dividends, $6.5 million for policy loans, and $46.8 million for disability claims, matured endowments, cash surrenders, and all other.

In 1986, obligations are $3.8 million greater than the original budget estimate, primarily due to a reestimate of dividends. This increase is offset by a $3.2 million decline in policy loans and $1.2 million decline in death claims.

The $59.4 million decrease in 1987 obligations is primarily due to a $56.1 million decrease in 20-year matured endowments; most of these policies were issued between May 1965 and May 1966.

OPERATING RESULTS AND FINANCIAL CONDITION
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate
Assets:			
Fund balance with Treasury..........	$ 561	$ 300	$ 300
U.S. Securities (par)...............	514,453	470,854	475,394
Accounts receivable (net)...........	14,013	13,390	13,323
Policy loans........................	37,733	31,185	30,895
Policy liens........................	45	43	43
Total assets......................	$566,805	$515,772	$519,955
Liabilities:			
Accounts payable and accrued liabilities........................	$ 16,212	$ 16,389	$ 18,414
Deferred credits....................	2,965	4,265	3,773
Operating reserves:			
Policy reserves...................	453,155	401,744	410,468
Premium waiver disability reserves	15,085	16,705	16,363
Reserve for future installments on matured contracts................	2,353	2,362	2,407
Total disability income reserves..	17,007	17,623	17,377
Reserve for dividends.............	35,142	31,770	27,300
Total liabilities...............	$541,919	$490,858	$496,102
Government equity:			
Unobligated balance, end of year....	$509,850	$463,890	$466,830
Invested capital....................	-484,964	-438,976	-442,977
Total Government Equity...........	$ 24,886	$ 24,914	$ 23,853
Analysis of changes in Government equity:			
Retained income:			
Opening balance...................	$ 26,685	$ 24,886	$ 24,914
Transactions: Net operating loss..	- 1,799	28	- 1,061
Closing balance.....................	$ 24,886	$ 24,914	$ 23,853
Total Government equity.............	$ 24,886	$ 24,914	$ 23,853

A reasonable amount of cash income is held for current expenses with the remaining funds invested in interest bearing U.S. Securities. These investments, $514.5 million in 1985, constitute about 90.8 percent of the total assets. Cash and outstanding policy loans and liens make up the remaining assets.

In 1985 premiums paid in advance of the reporting period made up 15.5 percent of the current liabilities, and miscellaneous accounts payable made up 84.5 percent. Long term liabilities (insurance reserves) are amounts determined on an actuarial basis and placed in reserve to assure payment of future benefit claims. Projected future increases in claims due to the increasing mortality of the policyholders require that the amount in reserve continue to increase for several years.

Retained income is the cumulative earnings in excess of those set aside as insurance reserves. They provide an additional safety margin against contingencies.

SUMMARY OF REVENUE AND EXPENSE
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate
Revenue:			
Funded:			
Interest on securities	$52,417	$49,630	$48,970
Interest on investments (policy loans)	2,566	1,980	1,640
Premiums earned (collected)	21,329	19,780	16,640
Other income	345	360	360
Unfunded:			
Premiums earned (waived)	2,171	2,150	2,125
Total	$78,828	$73,900	$69,735
Expense:			
Funded:			
Death claims	$19,851	$20,230	$20,120
All other	76,256	104,030	44,840
Unfunded:			
Premiums waived	2,171	2,150	2,125
Increase in operating reserves	-17,650	-52,538	3,711
Total	$80,628	$73,872	$70,796
Net Operating Loss (-)	$-1,799	$ 28	$ 1,061

SUMMARY OF OBLIGATIONS BY OBJECT
(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Other services	$ 1,354	$ 1,070	$ 1,050	$- 20
Investments and loans	6,473	5,743	5,600	- 143
Insurance claims and indemnities	64,401	87,010	30,730	-56,280
Dividends and interest	30,352	36,180	33,180	- 3,000
Total	$102,580	$130,003	$70,560	$-59,443

PROGRAM HIGHLIGHTS

This program began May 1, 1965 and was closed to new issues May 2, 1966. Since the inception of the program, over $549.4 million has been disbursed to policyholders or beneficiaries: $232.8 million in death claims, $117.3 million in dividends, and $199.3 million in disability claims, cash surrenders, matured endowments

Decreasing interest rates in the general market caused the amount of policy loans granted to decrease from $7.1 million in 1984 to $6.5 million in 1985.

The investment income of the fund increased from $49.5 million in 1984 to $52.4 million in 1985. This was due to a higher average rate of return on investments.

SERVICEMEN'S GROUP LIFE INSURANCE FUND

PROGRAM DESCRIPTION

This fund finances the payment of group life insurance premiums to private insurance companies under the Servicemen's Group Life Insurance Act of 1965 (38 U.S.C. 765-776) as amended, and any expenses incurred by the Veterans Administration in administration of the Act.

This program is supervised by the Veterans Administration and administered by a commercial insurer, the Prudential Insurance Company of America. During 1985, 300 companies participated in the program as reinsurers and converters, and an additional 22 participated as converters only.

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:				
Premiums paid to carrier........	$ 101,230	$ 183,990	$ 223,780	$+39,790
Administrative expenses paid to General operating expenses account...............	462	510	520	+ 10
Total obligations.................	$ 101,692	$ 184,500	$ 224,300	$+39,800
Offsetting collections............	$ 121,393	$ 159,300	$ 188,100	$+28,800
Outlays...........................	$ -19,750	25,300	$ 35,100	$+ 9,800
Insurance in force:				
Number of policies................	3,398,600	3,398,600	3,398,600	...
Amount............................	$118,269,925	$168,957,000	$168,957,000	...

SUMMARY OF BUDGET REQUEST

Obligations, which include an amount to defray administrative costs to the VA, are financed entirely from: receipts collected by the services; interest earned on investments; and the redemption of U.S. securities. No Congressional action is required.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Major Activities:			
Premiums paid to carrier.................	$ 155,580	$ 183,990	$+ 28,410
Administrative expenses paid to General operating expenses account................	520	510	- 10
Total obligations............................	$ 156,100	$ 184,500	$+ 28,400
Offsetting collections.....................	$ 135,700	$ 159,300	$+ 23,600
Outlays....................................	$ 20,100	$ 25,300	$+ 5,200
Insurance in force:			
Number of policies.........................	3,364,300	3,398,600	+ 34,300
Amount.....................................	$117,176,000	$168,957,000	+ 51,781,000

Based on the 1985 claims experience of the Prudential Insurance Company of America , the originally scheduled July 1, 1985 premium increase, from $.08 to $.09 was delayed until July 1, 1986. In addition, Public Law 99-166, increased the maximum insurance coverage from $35,000 to $50,000, effective January 1, 1986. These two factors were responsible for the increase in offsetting collections of $23.6 million. The difference between offsetting collections and premium paid to carrier are provided by redemptions of U. S. Securities and transferring the proceeds to Prudential's contingency reserve.

ANALYSIS OF INCREASES AND DECREASES-OUTLAYS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year outlays	$-19,750	$ 25,300
Increases (+) and Decreases (-):		
Premiums paid to carrier	+82,760	+39,790
General operating expenses	+ 48	+ 10
Withholdings from service pay	-38,825	-32,350
Interest on U.S. Securities	+ 918	+ 3,550
Change in obligated balance	+ 149	- 1,200
Net change	+45,050	+ 9,800
Estimated outlays	$ 25,300	$ 35,100

Premiums paid to the carrier are increasing as a result of the fund's securities being redeemed and transferred to the carrier in order to maintain the carrier's reserves at an adequate level. Withholdings from service pay are increasing due to an anticipated increase in the premium rate from $.08 to $.09 July 1, 1986.

After peaking in 1985, interest on U.S. Securities will decrease as interest rates fall and securities are redeemed and transferred to the carrier.

SUMMARY OF WORKLOADS AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase(+) Decrease(-)
Major Activities:					
Premiums paid to carrier	$ 101,230	$ 155,580	$ 183,990	$ 223,780	$+39,790
Administrative expenses paid to General operating expenses account	462	520	510	520	+ 10
Total obligations	$ 101,692	$ 156,100	$ 184,500	$ 224,300	$+39,800
Offsetting collections:					
Premiums withheld	$ 107,025	$ 122,260	$ 145,850	$ 178,200	$+32,350
Interest on U.S Securities	$ 14,368	$ 13,440	$ 13,450	$ 9,900	$- 3,550
Unobligated balance, EOY	$ 129,534	$ 117,033	$ 104,334	$ 68,134	$-36,200
Insurance in force:					
Number of policies	3,398,600	3,364,300	3,398,600	3,398,600	...
Amount	$118,269,925	$117,176,000	$168,957,000	$168,957,000	...

Premium payments reflect monies withheld from servicemen and the redemption and transfer to the carrier of U.S. Securities. These transfers are necessary in order to fund the carrier's contingency reserve. The 1985 premium rate increase will not be necessary until 1986 due to favorable claims experience in 1985. Interest on U.S. Securities will decline as interest rates fall. In 1986, the estimated withholdings from service pay are based on approximately 3,386,900 active duty and ready reservists at $4.00 per month, and 11,700 part-time reservists at $5.00 per annum for $50,000 of part-time life insurance coverage. Policies in force are predicated on Armed Forces strength.

PROGRAM HIGHLIGHTS

Total investment income of the fund increased from $10.1 million in 1984 to $14.4 million in 1985, due to the increasing balance of the fund. In 1986, the fund will begin redeeming U.S. Securities to supplement the carrier's contingency reserve which is receiving an insufficient amount of premium income.

NATIONAL SERVICE LIFE INSURANCE FUND

APPROPRIATION LANGUAGE

During 1987, within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purpose of the "National service life insurance fund" (38 U.S.C. Chapter 19).

EXPLANATION OF LANGUAGE CHANGE

Credit activities of Federal programs are being reviewed more intensively and are being integrated into the executive and congressional budget review processes. Appropriation language is requested that focuses on this credit activity and provides authority to extend credit in amounts necessary to carry out the authorized program.

PROGRAM DESCRIPTION

This fund was established in 1940 as the financing mechanism for World War II servicepersons' and veterans' insurance programs, authorized by the National Service Life Insurance Act of 1940 (7: Stat. 1154). Over 22 million policies have been issued under this program. No new policies were issued after 1951.

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:				
Death claims	$ 487,584	$ 500,300	$ 514,800	$+ 14,500
Dividends	676,933	762,500	867,000	+104,500
Policy loans	97,170	98,198	100,690	+ 2,492
All other	183,103	191,490	194,010	+ 2,520
Total obligations	$ 1,444,790	$ 1,552,488	$ 1,676,500	$+124,012
Offsetting collections	$ 425,686	$ 435,900	$ 449,400	$+ 13,500
Budget authority (permanent, indefinite)................	$ 1,304,888	$ 1,360,800	$ 1,392,900	$+ 32,100
Outlays	$ 955,965	$ 1,066,588	$ 1,170,400	$+103,812
Insurance in Force:				
Number of policies	3,105,575	3,004,945	2,906,155	- 98,790
Amount	$22,148,252	$21,583,959	$21,132,677	$-451,282

SUMMARY OF BUDGET REQUEST

Budget authority (cash income from investments, premiums and extra hazard payments from the Veterans insurance and indemnities appropriation) are available for obligation. Action by the Congress is not required.

In 1987, the budget authority of $1,392.9 million, loan repayments and other collections of $449.4 million will yield a net surplus from which $867 million in dividends will be paid to 2.9 million policyholders.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate 1/	Current Estimate			
		P.L. 99-160 With Adj. 2/	P.L. 99-177 Adj. 3/	Current Estimate	Current Estimate vs. Budget
Major Activities:					
Death claims	$ 513,020	$ 500,300	$ ...	$ 500,300	$- 12,720
Dividends	650,000	762,500	...	762,500	+112,500
Policy loans	121,050	102,610	-4,412	98,198	- 22,852
All other	179,930	191,490	...	191,490	+ 11,560
Total obligations	$ 1,464,000	$ 1,556,900	$-4,412	$ 1,552,488	$ 88,488
Offsetting collections	$ 403,300	$ 435,900	...	$ 435,900	$+ 32,600
Budget authority (perm., indef.)	$ 1,297,200	$ 1,360,800	...	$ 1,360,800	$+ 63,600
Outlays	$ 1,042,700	$ 1,071,000	$-4,412	$ 1,066,588	$+ 23,888
Insurance in Force.					
Number of policies	2,981,587	3,004,945	...	3,004,945	+ 23,358
Amount	$21,515,132	$21,583,959	...	$21,583,959	$+ 68,827

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The "Balanced Budget and Emergency Deficit Control Act of 1985" (Public Law 99-177) mandates sequestration to achieve targeted deficit levels. Policy loans have been sequestered to reduce outlays by $4,412 thousand.

ANALYSIS OF INCREASES AND DECREASES-OUTLAYS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year outlays	$ 955,965	$ 1,066,588
Increases (+) and Decreases (-):		
Death and disability claims	+ 13,424	+ 15,120
Cash surrenders	- 1,357	- 190
Matured endowments	+ 5,872	- 2,810
Dividends	+ 85,567	+104,500
Policy loans and liens	+ 1,085	+ 2,512
Interest paid on dividend credits and deposits.	+ 3,107	+ 4,880
Loans and liens repaid	+ 6,468	+ 4,810
Other collections	- 16,682	- 18,310
Change in obligated balance	+ 13,139	- 6,700
Net change	+110,623	+103,812
Estimated outlays	$1,066,588	$ 1,170,400

Death and disability claims will increase with the average age of the policyholders. Cash surrenders peaked in 1985, and should follow a downward trend with the number of policies in force. Dividends will increase due to increased interest earnings on securities investments, which are currently $9.4 billion.

SUMMARY OF OBLIGATIONS, COLLECTIONS, AND WORKLOADS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Obligations:					
Death claims	$ 487,584	$ 513,020	$ 500,300	$ 514,800	$+ 14,500
Dividends	676,933	650,000	762,500	867,000	+104,500
Cash surrenders	61,147	56,100	59,790	59,600	- 190
Disability claims	24,582	25,540	25,290	25,910	+ 620
Matured endowments	56,458	62,330	62,330	59,520	- 2,810
Interest on dividends	40,687	35,540	43,690	48,560	+ 4,870
Policy loans and liens made	97,403	121,300	98,488	101,000	+ 2,512
All other	- 4	170	100	110	+ 10
Total Obligations	$1,444,790	$1,464,000	$1,552,488	$1,676,500	$+124,012
Offsetting Collections:					
Policy loans and liens repaid	145,658	148,850	139,190	134,380	- 4,810
Optional income settlement.	10,538	10,550	8,220	7,670	- 550
Net income offsets and adjustments	269,490	243,900	288,490	307,350	+ 18,860
Total Collections	$ 425,686	$ 403,300	$ 435,900	$ 449,400	$+ 13,500
Budget Authority (cash income)					
Premium payments	420,883	413,450	435,700	435,842	+ 142
Interest from securities	882,231	882,030	922,483	955,000	+ 32,517
Payments from VI&I	1,774	1,720	2,617	2,058	- 559
Total Budget Authority.	$1,304,888	$1,297,200	$1,360,800	$1,392,900	$+ 32,100
Workloads:					
Policies in force (BOY)	3,194,587	3,092,417	3,105,575	3,004,945	-100,630
Policies matured through death	-63,222	-70,280	-65,950	-69,270	- 3,320
Cash surrenders	-13,049	-11,680	-12,540	-12,040	+ 500
Matured endowments	- 8,124	- 7,380	- 7,380	- 7,310	+ 70
Replacement issues	10,216	9,300	9,300	8,900	- 400
Discontinuances, net	-14,833	-30,790	-24,060	-19,070	+ 4,990
Policies in force (EOY)	3,105,575	2,981,587	3,004,945	2,906,155	- 98,790
Policy loans	20,045	37,780	26,880	25,110	- 1,770
Running disability awards	28,294	29,370	29,370	30,090	+ 720

Obligations totalled over $1.4 billion in 1985; $488 million was death claims, $677 million for dividends, $97.4 million for policy loans and liens, and $182.9 million for disability claims, matured endowments, cash surrenders and interest paid on dividend credits and deposits.

The 1986 estimate of obligations is $88,500 million greater than the original budget estimate, due to a $112.5 million increase in dividends, partially offset by a $12.7 million decline in death claims, and $22.8 million fewer policy loans.

Obligations in 1987 will be $124 million greater than 1986, due to increases in dividends of $104.5 million and death claims of $14.5 million.

OPERATING RESULTS AND FINANCIAL CONDITION
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increases (+) Decreases (-)
Total assets	$10,767,543	$11,025,959	$11,224,636	$+198,677
Current liabilities	$ 633,307	$ 682,964	$ 738,796	+ 55,832
Long term liabilities	$10,070,053	$10,277,995	$10,421,840	+143,845
Retained earnings	$ 64,183	$ 65,000	$ 64,000	- 1,000

A reasonable amount of cash income is held in the cash account for current expenses with the remaining invested in interest bearing U.S. Securities. These investments, $9.43 billion in 1985, constitute about 88 percent of the total assets. Policy loans of about $1.1 billion constitute most of the remaining assets.

As of September 30, 1985, current liabilities were comprised of the following:

Dividends left on deposit. These constitute about 74 percent of the current liabilities. Dividends left on deposit earn 9 percent interest for the insured and may be used in case of inability to pay premiums.

Matured contracts payable. These represent amounts due policyholders and beneficiaries on matured contracts pending issuance of awards. These constitute about 6 percent of the total current liabilities.

Unearned premiums. These are premiums paid in advance of the end of the reporting period. These represent approximately 13 percent of the total current liabilities. The remaining 7 percent is composed of such miscellaneous items as unapplied collections, undelivered checks, disbursements in transit, and accrued interest on dividend credits and deposits.

Long-term liabilities (or operating reserves) are amounts determined on an actuarial basis and placed in reserve to assure payment of future benefits. Retained earnings are the cumulative earnings in excess of those set aside as operating reserves. They provide an additional safety margin against adverse contingencies.

SUMMARY OF OBLIGATIONS BY OBJECT
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Investment and loans	$ 97,403	$ 98,488	$ 101,000	$+ 2,512
Insurance claims and indemnities.	629,767	647,810	659,940	+ 12,130
Dividends and interest	717,620	806,190	915,560	+109,370
Total	$1,444,790	$1,552,488	$1,676,500	$+124,012

PROGRAM HIGHLIGHTS

Investment income of the fund increased from $806 million in 1984 to $882 million in 1985. This increase was due to a higher average rate of return on Treasury securities and a higher total amount invested. Dividends increased from $613 million in 1984 to $677 million in 1985. To the average insured, this meant an increase in dividends from $192 in 1984 to $218 in 1985. Since the inception of the program in 1940, over $33 billion has been disbursed to policyholders or beneficiaries, of which over $14.0 billion was paid in dividends. Total loans granted declined from $103 million in 1984 to $97.2 million in 1985.

UNITED STATES GOVERNMENT LIFE INSURANCE FUND

APPROPRIATION LANGUAGE

During 1987, within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the "United States Government life insurance fund" (38 U.S.C. Chapter 19).

EXPLANATION OF LANGUAGE CHANGE

Credit activities of Federal programs are being reviewed more intensively and are being integrated into the executive and congressional budget review processes. Appropriation language is requested that focuses on this credit activity and provides authority to extend credit in amounts necessary to carry out the authorized program.

PROGRAM DESCRIPTION

The U.S. Government life insurance fund (USGLI) was established in 1919 (72 Stat. 1161) to receive premiums and pay claims on insurance converted from the War risk term insurance of World War I. Approximately 1,150,000 policies were issued under the program. The issuance of new policies ended in 1951.

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:				
Death claims	$31,641	$27,920	$ 26,430	$- 1,490
Dividends	15,423	14,830	12,800	- 2,030
Policy loans	1,892	1,560	1,440	- 120
All other	5,184	5,300	5,320	+ 20
Total obligations	$54,140	$49,610	$ 45,990	$- 3,620
Offsetting collections	$ 6,986	$ 6,160	$ 5,540	$- 620
Budget authority (perm., indef.)	$21,556	$19,220	$ 17,320	$- 1,900
Outlays	$45,698	$44,230	$ 41,200	$- 3,030
Insurance in Force:				
Number of policies	63,860	58,170	52,780	- 5,390
Amount	$247,999	$226,599	$204,323	$-22,276

SUMMARY OF BUDGET REQUEST

Obligations of the U.S. Government life insurance fund are estimated to be $46 million in 1987, a decrease of $3.6 million from 1986. Budget authority is made available to the fund automatically each year by virtue of standing legislation, without further action by Congress.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget	Current Estimate			Current Estimat
	Estimate 1/	P.L. 99-160 With Adj. 2/	P.L. 99-177 Adj. 3/	Current Estimate	vs. Budget
Major Activities:					
Death claims	$ 29,150	$ 27,920	...	$ 27,920	$-1,230
Dividends	14,230	14,830	...	14,830	+ 600
Policy loans	1,670	1,630	-70	1,560	- 110
All other	5,250	5,300	...	5,300	+ 50
Total obligations	$ 50,300	$ 49,680	$-70	$ 49,610	$- 690
Offsetting collections	$ 6,200	$ 6,160	...	$ 6,160	$- 40
Budget Authority (perm., indef.)	$ 18,800	$ 19,220	...	$ 19,220	$+ 420
Outlays	$ 45,700	$ 44,300	$-70	$ 44,230	$-1,470
Insurance in Force:					
Number of policies	57,954	58,170	...	58,170	+ 216
Amount	$227,469	$226,599	...	$226,599	$- 870

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The "Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177) mandates sequestration to achieve targeted deficit levels. Policy loans have been sequestered to reduce outlays by $70 thousand.

ANALYSIS OF INCREASES AND DECREASES-OUTLAYS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year outlays	$45,698	$44,230
increases (+) and Decreases (-):		
Death and disability claims	-4,027	-1,720
Cash surrenders	+ 289	- 110
Matured endowments	+ 112	+ 400
Dividends	- 593	-2,030
Policy loans and liens	- 330	- 120
Interest paid on dividend credits and deposits	+ 19	- 40
Loans and liens repaid	+ 510	+ 480
Other collections	+ 316	+ 140
Change in obligated balance	+2,236	- 30
Net change	-1,468	-3,030
Estimated outlays	$44,230	$41,200

Most disbursement and collection categories will decline in 1986 and 1987 as the number of polices in force decline. Matured endowments will increase, based on the maturity dates of the endowment policies in force. Death and disability claims will continue to decline consistent with the number of policies in force.

SUMMARY OF OBLIGATIONS, COLLECTIONS AND WORKLOADS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Obligations:					
Death claims	$31,641	$29,150	$27,920	$26,430	$-1,490
Dividends	15,423	14,230	14,830	12,800	-2,030
Cash surrenders	1,191	1,500	1,480	1,370	- 110
Disability claims	1,556	1,200	1,250	1,020	- 230
Matured endowments	1,138	1,310	1,250	1,650	+ 400
Interest on dividends	1,271	1,210	1,290	1,250	- 40
Policy loans made	1,892	1,670	1,560	1,440	- 120
Policy liens established	28	30	30	30	...
Total obligations	$54,140	$50,300	$49,610	$45,990	$-3,620
Offsetting Collections:					
Repayment of policy loans	5,120	4,621	4,610	4,130	- 480
Repayment of policy liens	30	34	30	30	...
Optional income settlements	595	470	480	450	- 30
Net income offsets and adjustments	1,241	1,075	1,040	930	- 110
Total collections	6,986	6,200	6,160	5,540	- 620
Budget Authority (cash income):					
Premium Payments	76	...	...	...	...
Interest on securities	21,459	18,781	19,201	17,302	-1,899
Payment from VI&I	21	19	19	18	- 1
Total budget authority	$21,556	$18,800	$19,220	$17,320	$-1,900
Workloads:					
Policies in-force (BOY)	70,129	63,829	63,860	58,170	-5,690
Policies matured through death	-5,583	-5,120	-4,920	-4,570	+ 350
Cash surrenders	- 334	- 465	- 440	- 410	+ 30
Matured endowments	- 309	- 265	- 260	- 350	- 90
Discontinuances, net	- 43	- 25	- 70	- 60	+ 10
Policies in force (EOY)	63,860	57,954	58,170	52,780	-5,390
Policy loans	262	250	210	180	- 30
Running disability awards	3,887	2,800	3,230	2,690	- 540

In 1985 obligations of $54.1 million were funded by offsetting collections of $7 million, budget authority (cash income) of $21.6 million, and a $25.6 million reduction in the insurance reserves.

The 1986 current estimate is $690 thousand less than the original budget estimate, primarily due to a reestimate of death claims.

Obligations in 1987 are expected to be $3.6 million less than 1986 due to declines in both death claims and dividends. The decrease in dividends is caused by a decline in interest on investments when the program was declared paid up and premium payments were discontinued as of January 1, 1983.

OPERATING RESULTS AND FINANCIAL CONDITION
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Total Assets......................	$304,500	$275,066	$247,981	$-27,085
Current liabilities..............	$ 24,329	$ 23,552	$ 22,743	- 809
Long term liabilities............	$274,123	$245,979	$220,247	-25,732
Retained earnings................	$ 6,048	$ 5,535	$ 4,991	- 544

Investments in U.S. Securities amounting to $269 million as of September 30, 1985 constitute about 88.3 percent of the total assets. Approximately $47 million in securities will have to be redeemed in 1986 and 1987 in order to meet current expenses. Policy loans constitute most of the remaining assets. Loans made after January 10, 1971 bear a 5 percent interest rate, earlier loans are at 4 percent. Liens bear interest at 4 percent.

As of September 30, 1985, current liabilities are comprised of the following:

(a) Dividends due the insured but left on credit or deposit. These constitute about 79 percent of the total. They bear interest at 7 percent for the insured and are a safeguard in case of premium shortages.

(b) Matured contracts payable represent amounts due policyholders and beneficiaries on matured contracts pending issuance of awards. These constitute about 12 percent of the total.

(c) The remaining 9 percent are comprised of such miscellaneous items as unapplied collections, undelivered checks, disbursements in transit, and accrued interest on dividend credits and deposits.

Long term liabilities (insurance reserves) are amounts determined on an actuarial basis and placed in reserve to assure payment of future benefits. Retained earnings are the cumulative earnings in excess of those set aside as reserves. They provide an additional safety margin against contingencies.

SUMMARY OF OBLIGATIONS BY OBJECT
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Investment and loans	$ 1,920	$ 1,590	$ 1,470	$- 120
Insurance claims and indemnities.	35,526	31,900	30,470	-1,430
Dividends and Interest	16,694	16,120	14,050	-2,070
Total	$54,140	$49,610	$45,990	$-3,620

PROGRAM HIGHLIGHTS

Investment income of the fund declined from $23.1 million in 1984 to $21.5 million in 1985. The decline was due to decreasing invested monies caused by large death claim payments and the elimination of premium payments.

Dividends paid declined from $16.7 million in 1984 to $15.4 million in 1985. The decline in dividends was due to the decline in the number of policies in force and the elimination of premium income. Since the inception of the program, nearly $1.1 billion has been paid in dividends.

VETERANS SPECIAL LIFE INSURANCE FUND

APPROPRIATION LANGUAGE

During 1987, within the resources available, gross obligations for direct loans are authorized in such amounts as may be necessary to carry out the purposes of the "Veterans special life insurance fund" (38 U.S.C. Chapter 19).

EXPLANATION OF LANGUAGE CHANGE

Credit activities of Federal programs are being reviewed more intensively and are being integrated into the executive and congressional budget review processes. Appropriation language is requested that focuses on this credit activity and provides authority to extend credit in amounts necessary to carry out the authorized program.

PROGRAM DESCRIPTION

This fund finances the payment of claims on participating insurance policies issued before January 1, 1957, to veterans who served in the Armed Forces subsequent to April 1951 (38 U.S.C., Sec. 732). Policyholders were given the right (72 Stat. 1716) to convert to a permanent plan of insurance or to a new form of term insurance which may not be renewed beyond age 50 but which costs less than the unlimited term insurance. Policyholders under all plans of Veterans special life insurance may purchase total disability income coverage with the payment of an additional premium.

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Activities:				
Death claims	$ 23,154	$ 24,050	$ 25,810	$+ 1,760
Dividends	63,184	68,900	75,000	+ 6,100
Policy loans	11,121	11,360	12,170	+ 810
All other	16,829	17,980	19,920	+ 1,940
Total obligations	$ 114,288	$ 122,290	$ 132,900	$+ 10,610
Offsetting collections	$ 170,894	$ 185,200	$ 191,800	$+ 6,600
Outlays	$ -66,823	$ -71,910	$ -66,300	$+ 5,610
Insurance in Force:				
Number of policies	366,543	355,513	340,013	- 15,500
Amount	$3,218,759	$3,042,343	$2,928,765	$-113,578

SUMMARY OF BUDGET REQUEST

Program requirements of the Veterans Special Life Insurance Fund are $132.9 million in 1987, an increase of $10.6 million over 1986. In 1987, death claims will increase $1.8 million due to the increasing age of the policyholders. Dividends will increase $6.1 million as a result of greater earnings on investments. All other will increase $1.9 million primarily due to increases in cash surrenders, disability claims, matured endowments and interest on dividends. Policy loans will increase $810 thousand in 1987 due to projected increases in reserve values. No Congressional action is required.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	P.L. 99-160 With Adj. 2/	P.L. 99-177 Adj. 3/	Current Estimate	Current Estimate vs. Budget
Major Activities:					
Death claims	$24,250	$ 24,050	$ ...	$ 24,050	$- 200
Dividends	64,000	68,900	...	68,900	+4,900
Policy loans	15,090	11,870	-510	11,360	-3,730
All other	15,960	17,980	...	17,980	+2,020
Total obligations	$ 119,300	$ 122,800	$-510	$ 122,290	$+2,990
Offsetting collections	$ 181,400	$ 185,200	...	$ 185,200	$+3,800
Outlays	$- 64,500	$ -71,400	$-510	$ -71,910	$-7,410
Insurance in Force:					
Number of policies	348,450	355,513	...	355,513	+7,063
Amount	$3,042,317	$3,042,343	...	$3,042,343	$+ 26

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The "Balanced Budget and Emergency Deficit Control Act of 1985" (Public Law 99-177) mandates sequestration to achieve targeted deficit levels. Policy loans have been sequestered to reduce outlays by $510 thousand.

ANALYSIS OF INCREASES AND DECREASES-OUTLAYS

	1986 Current Estimate	1987 Estimate
Prior years outlays	$-66,823	$-71,910
Increases (+) and Decreases (-):		
Death and disability claims	+ 1,086	+ 1,930
Cash surrenders	+ 58	+ 590
Matured endowments	- 25	+ 250
Dividends	+ 5,716	+ 6,100
Policy loans and liens made	+ 238	+ 810
Interest paid on dividend credits and deposits	+ 929	+ 930
Premiums earned	- 4,765	+ 360
Interest on U.S. securities	-10,464	- 6,970
Policy loans and liens repaid	+ 562	+ 10
Interest on policy loans	+ 381	- 40
Other income (optional settlements)	- 20	+ 40
Change in obligated balance	+ 1,217	+ 1,600
Net change	- 5,087	+ 5,610
Estimated outlays	$-71,910	$-66,300

Outlays are projected to decline in 1986 primarily due to higher interest on U.S. securities and premiums earned even as dividends and death and disability claims rise.

In 1987, outlays will be greater than the 1986 level, primarily due to increases in death claims and dividends, not sufficiently offset by increases in interest on U.S. securities.

SUMMARY OF OBLIGATIONS, COLLECTIONS AND WORKLOADS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Obligations:					
Death claims	$ 23,154	$ 24,250	$ 24,050	$ 25,810	$+ 1,760
Dividends	63,184	64,000	68,900	75,000	+ 6,100
Cash surrenders	10,062	9,040	10,120	10,710	+ 590
Disability claims	2,180	2,300	2,370	2,540	+ 170
Matured endowments	1,255	1,230	1,230	1,480	+ 250
Interest on dividends	3,258	3,340	4,225	5,155	+ 930
Policy loans	11,121	15,090	11,360	12,170	+ 810
Policy liens	31	10	30	30	...
Other	43	40	5	5	...
Total obligations	$114,288	$119,300	$122,290	$132,900	$+10,610
Offsetting Collections:					
Premiums earned	$ 72,775	$ 74,330	$ 77,540	$ 77,180	$- 360
Interest on securities	79,976	87,215	90,440	97,410	+ 6,970
Policy loans and liens repaid	12,542	14,520	11,980	11,970	- 10
Interest on investments	4,861	4,675	4,480	4,520	+ 40
Other income	740	660	760	720	- 40
Total offsetting collections	$170,894	$181,400	$185,200	$191,800	$+ 6,600
Workloads:					
Policies in force (BOY)	383,170	358,285	366,543	355,513	-11,030
Policies matured thru death	- 2,563	-2,635	-2,600	- 2,770	- 170
Cash surrenders	- 2,387	-2,115	-2,240	- 2,320	- 80
Matured endowments	- 171	- 190	- 190	- 220	- 30
Replacement issues	51	75	80	80	...
Discontinuances, net	-11,557	-4,970	-6,080	-10,270	- 4,190
Policies in force (EOY)	366,543	348,450	355,513	340,013	-15,500
Policy loans	3,325	7,740	4,370	4,430	+ 60
Running disability awards	1,934	2,055	2,120	2,270	+ 150

Obligations in 1985 were $114.3 million of which $23.2 million was for death claims, $63.2 million for dividends, $11.1 million for policy loans, and an additional $16.8 million for disability claims, matured endowments and cash surrenders.

The 1986 estimate of obligations is $3 million greater than the original budget estimate, primarily due to a

$4.9 million increase in the dividend estimate. Offsetting collections increased $3.8 million due to premiums earned.

Obligations in 1987 will rise $10.6 million primarily due to death claims and dividends. Offsetting collections will increase by $6.6 million, primarily due to a $7 million increase in interest on securities.

OPERATING RESULTS AND FINANCIAL CONDITION
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate
Assets:			
Fund balance with Treasury	$ 578	$ 600	$ 600
U.S. securities (par)	941,874	1,013,251	1,079,551
Accounts receivable (net)	23,760	25,614	27,043
Policy loans	79,643	79,545	79,756
Policy liens	46	64	83
Total assets	$1,045,901	$1,119,074	$1,187,033
Liabilities:			
Accounts payable, including funded accrued liabilities	$ 47,845	$ 58,790	$ 67,619
Deferred credits	19,091	19,000	19,000
Operating reserves:			
Policy reserves	752,811	808,580	860,133
Premium waiver disability reserves	70,258	71,400	72,194
Reserve for future installments on matured contracts	6,354	6,169	5,991
Reserve for dividends	69,126	75,000	82,275
Reserve for total disability	50,166	50,638	50,824
Total liabilities	$1,015,651	$1,089,577	$1,158,036
Trust equity:			
Unexpended balances:			
Unobligated balance, end of year	$899,275	$ 961,675	$1,020,575
Invested capital	-869,026	-932,178	- 991,578
Total trust equity	$ 30,250	$ 29,497	$ 28,997
Analysis of changes in trust equity:			
Retained income:			
Opening balance	$ 30,262	$ 30,250	$ 29,497
Transactions: Net Operating income (+) or loss (-)	- 12	- 753	- 500
Total trust equity (end of year)	$ 30,250	$ 29,497	$ 28,997

A reasonable amount of cash income is held in the cash account for current expenses with the remaining funds invested in interest bearing U.S. securities. These investments, $941.9 million in 1985, constitute 90 percent of the total assets. There will be sufficient income in 1986 and 1987 to increase these investments by $138 million. The outstanding policy loans are expected to increase by about $113 thousand in the next two years.

In 1985, premiums paid in advance of the reporting period constitute 28 percent of the current liabilities. The remaining 72 percent is comprised of miscellaneous accounts payable.

The assets of the fund are held in reserves for the various long range contractual liabilities of the program. The policy reserves increased to $753 million in 1985 and will continue to increase until higher mortalities begin to draw them down. The reserve for future installments on matured contracts, however, decreased by $213 thousand in 1985 because the number of endowment contracts in force are decreasing. The reserve for dividends is set aside to pay the dividends approved for the following year and is determined through actuarial analysis. The dividend has been increasing due to favorable mortality experience and increased income from investments. Trust equity is the unreserved balance and serves as an operating fund for contingencies. The equity will decrease to $29 million in 1986 and remain at that level in 1987.

SUMMARY OF REVENUE AND EXPENSE
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate
Revenue:			
Funded:			
Interest on securities	$ 79,976	$ 90,440	$ 97,410
Interest on investments (policy loans)	4,861	4,480	4,520
Premiums earned (collected)	72,775	77,540	77,180
Other income	740	760	720
Unfunded:			
Premiums earned (waived)	2,189	2,389	2,589
Total	$160,541	$175,609	$182,419
Expense:			
Funded:			
Death claims	$ 23,154	$ 24,050	$ 25,810
Cash surrenders	10,062	10,120	10,710
Dividends	63,184	68,900	75,000
All other	6,736	7,830	9,180
Unfunded:			
Premiums waived	2,189	2,389	2,589
Increase in operating reserves	55,228	63,073	59,630
Total	$160,553	$176,362	$182,919
Net operating income or loss	$ -12	$ -753	$ -500

SUMMARY OF OBLIGATIONS BY OBJECT
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Investments and loans	$ 11,152	$ 11,390	$ 12,200	$+ 810
Insurance claims and indemnities	36,694	37,775	40,545	+ 2,770
Dividends and interest	66,442	73,125	80,155	+ 7,030
Total	$114,288	$122,290	$132,900	$+10,610

PROGRAM HIGHLIGHTS

The investment income of the fund increased from $75.7 million in 1984 to $80 million in 1985. This was due to a higher average rate of return on Treasury securities and an increase in the amount invested.

The average dividend in 1985 was $172 compared to $134 in 1984. Total dividends were $63.2 million.

Policy loans made in 1985 decreased to $11.1 million from $11.3 million in 1984 due to the general improvement in the economy.

VETERANS ADMINISTRATION

FISCAL YEAR 1987 BUDGET ESTIMATES

VOLUME II MEDICAL APPROPRIATIONS AND FUNDS

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DEPARTMENT OF MEDICINE AND SURGERY - SUMMARY

INTRODUCTION

The Veterans Administration (VA) is charged with providing medical care to all eligible beneficiaries. The functional arm of the VA that administers and operates this medical care delivery system is the Department of Medicine and Surgery (DM&S) which was established in 1946. DM&S is headed by a Chief Medical Director who is responsible to the Administrator of Veterans Affairs for all Agency medical programs. DM&S operates the largest Federal medical care delivery system in the United States. In 1985, DM&S accounted for approximately 91 percent of Agency employment, with 34 percent of total Agency appropriations.

The DM&S appropriation structure is outlined below:

1. Medical care (annual appropriation): Provides for maintenance and operation of VA hospitals, domiciliaries, nursing homes and outpatient clinics; care of beneficiaries in contract hospitals and nursing homes not under jurisdiction of the VA; aid to State homes for support of veterans eligible for care by the VA; and an education and training program to enhance the quality of care provided to eligible veterans within the VA health care delivery system.

2. Medical and prosthetic research (multi-year appropriation): Provides for a program of medical research, rehabilitation research and development to support the medical care program and health services research to improve health care for all beneficiaries.

3. Medical administration and miscellaneous operating expenses (annual appropriation): Provides for the administration of all medical programs of the VA, by a Central Office staff.

4. Grants for construction of State extended care facilities (multi-year appropriation): Provides grants to assist the States in the construction or acquisition of State facilities for furnishing nursing home and domiciliary care to veterans and provides grants to assist States in remodeling, modifying or altering existing hospital, nursing home or domiciliary facilities in State homes providing care and treatment for veterans.

5. Grants to the Republic of the Philippines (multi-year appropriation): Provides grants to the Republic of the Philippines for the replacement and upgrading of equipment and the rehabilitation of the Veterans Memorial Medical Center's physical plant.

6. Assistance for health manpower training institutions (multi-year appropriation): Provided assistance for five new State medical schools, to existing medical schools affiliated with the VA and to other health manpower training institutions; for development of cooperative arrangements between institutions of higher education, hospitals and other nonprofit health service institutions affiliated with the VA to coordinate, improve and expand the training of professional, associated health and paramedical personnel; and for the development and evaluation of new health careers, interdisciplinary approaches and career advancement opportunities.

The Department of Medicine and Surgery also administers the following revolving/trust accounts:

1. Canteen service revolving fund: This fund finances the operation of canteens at all Veterans Administration Medical Centers (VAMC's). These activities are under the management of the Veterans Canteen Service, established by Congress in 1946. Income from sales makes this a self-sustaining activity.

2. Special therapeutic and rehabilitation activities fund: This revolving fund, established pursuant to the Veterans Omnibus Health Care Act of 1976, Public Law 94-581, approved October 21, 1976, provides a mechanism for the furnishing of rehabilitative services to certain veteran beneficiaries who are receiving medical care and treatment from the VA. Funds to operate the various rehabilitative activities and provide for the therapeutic work for remuneration for patients and members in VA facilities are derived from contractual arrangements with private industry or nonprofit entities. This is a self-sustaining fund and therefore no appropriation is required to support these activities.

3. General post fund: This trust fund consists of gifts, bequests, and proceeds from the sale of property left in the care of the VAMC's by former beneficiaries or the general public, patient's fund balances and proceeds from the sale of effects of beneficiaries who die leaving no heirs or without having otherwise disposed of their estates. Such funds are used to promote the comfort and welfare of veterans at hospitals and homes where no general appropriation is available for this purpose, or where the items desired are sufficiently low on the priority list as would preclude their being provided from appropriated funds on a timely basis.

SUMMARY OF APPROPRIATION REQUIREMENTS
(dollars in thousands)

Appropriation	1985 Actual	1986 Budget	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Medical care..............	$8,941,169	$9,292,974	$9,130,137	$9,083,983	$-46,154
Medical and prosthetic research:					
Medical research........	170,928	168,508	159,324	164,369	+ 5,045
Rehabilitation research.	15,358	16,089	15,345	16,537	+ 1,192
Health services research	6,409	6,773	6,458	8,009	+ 1,551
Subtotal..............	192,695	191,370	181,127	188,915	+ 7,788
Medical administration and miscellaneous operating expenses:					
Medical administration..	52,716	47,221	42,328	42,694	+ 366
Postgraduate and inservice training....	10,606	9,545	8,556	...	- 8,556
Health professional scholarship...........	4,569	353	338	...	- 338
Subtotal..............	67,891	57,119	51,222	42,694	- 8,528
Grants for construction of State extended care facilities..............	34,500	22,000	20,822	42,400	+21,578
Grants to the Republic of the Philippines......	500	500	474	500	+ 26
Subtotal..............	9,236,755	9,563,963	9,383,782	9,358,492	-25,290
General post fund (Trust)................	11,521	15,000	13,500	14,500	+ 1,000
Total................	$9,248,276	$9,578,963	$9,397,282	$9,372,992	$-24,290

SUMMARY OF BUDGETED OUTLAYS BY APPROPRIATION/FUND
(dollars in thousands)

Appropriation	1985 Actual	1986 Budget	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Medical care..........	$8,721,690	$9,254,674	$9,067,560	$8,960,952	$-106,608
Medical and prosthetic research.	215,124	191,370	181,491	187,332	+ 5,841
Medical administration and miscellaneous operating expenses..	65,571	58,619	55,631	43,952	- 11,679
Grants for construction of State extended care facilities..........	20,364	24,125	20,148	25,504	+ 5,356
Grants to the Republic of the Philippines.........	339	500	1,063	486	- 577
Assistance for health manpower training institutions	2,171	...	1,680	...	- 1,680
Canteen service revolving fund......	-11,027	- 307	- 5,411	1,474	+ 6,885
Special therapeutic and rehabilitation activities fund.....	- 112	- 30	- 130	- 30	+ 100
General post fund (Trust)............	11,400	13,500	12,500	13,500	+ 1,000
Total............	$9,025,520	$9,542,451	$9,334,532	$9,233,170	$-101,362

SUMMARY OF APPROPRIATION/FUND REQUIREMENTS
Average Employment

Appropriation/Fund	Ceiling	Non-Ceiling	Subtotal Jurisdictional	Common Services	Total Net
1985 Actuals:					
Medical care..........	192,033	1,196	193,229	599	193,828
Medical and prosthetic research............	4,543	8	4,551	...	4,551
Medical administration and miscellaneous operating expenses..	802	7	809	...	809
Canteen service revolving fund......	3,436	7	3,443	...	3,443
Total.................	200,814	1,218	202,032	599	202,631
1986 Estimate: 1/					
Medical care..........	191,564	1,071	192,635	589	193,224
Medical and prosthetic research............	4,348	20	4,368	...	4,368
Medical administration and miscellaneous operating expenses..	664	...	664	...	664
Canteen service revolving fund......	3,500	30	3,530	...	3,530
Total.................	200,076	1,121	201,197	589	201,786
1987 Estimate:					
Medical care..........	183,993	1,100	185,093	587	185,680
Medical and prosthetic research............	4,246	20	4,266	...	4,266
Medical administration and miscellaneous operating expenses..	591	...	591	...	591
Canteen service revolving fund......	3,500	30	3,530	...	3,530
Total.................	192,330	1,150	193,480	587	194,067

1/ For 1986, these estimates are lower than the ceiling provided in the President's 1987 budget and reflect the effect of sequestration associated with PL 99-177.

DEPARTMENT OF MEDICINE AND SURGERY

AUTOMATED DATA PROCESSING (ADP) SUMMARY

Medical Information Resources Management Office (MIRMO) supports the patient care, education and research missions of the Department of Medicine and Surgery (DM&S) through the use of computer technology. The major responsibilities of the office are:

1. Planning for the systematic development of computer systems that serve all levels of management;
2. Developing and implementing ADP application solutions to alleviate immediate and critical problems related to patient care and administration;
3. Evaluating and selecting applications from the private sector that are applicable to the Veterans Administration's (VA) health care system requirements; and
4. Maintaining and enhancing existing field and Central Office ADP systems which support programs related to medical care, research and development, and Central Office administrative operations.

The Department extensively utilizes ADP for numerous clinical and administrative functions in support of its patient care mission. An Agency-level policy decision was made to decentralize ADP support (with the exception of certain systems essential for Agency-wide requirements) to the individual health care facilities of DM&S. Decentralization is a term used to describe the shift of primary ADP development responsibility and authority to the field organizations utilizing Verification and Development Centers and individual VA Medical Centers (VAMC's).

Computer assistance is considered essential for effective management of a health care delivery system with an annual budget of approximately $9.4 billion.

The following charts summarize the actual and estimated obligations for Automated Data Processing (ADP) by appropriation and expense item, and average employment for 1985, 1986 and 1987.

SUMMARY OF AGENCY MEDICAL ADP RESOURCES BY APPROPRIATION
(dollars in thousands)

Appropriation Obligations:	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Medical care..............	$73,436	$69,438	$85,289	$112,674	$+27,385
Medical and prosthetic research................	5,790	6,010	5,910	6,196	+ 286
Medical administration and miscellaneous operating expenses......	4,113	3,672	3,339	3,521	+ 182
Canteen service revolving fund....................	736	500	387	169	- 218
General operating expenses (Office of data management and telecommunications).	3,560	3,405	3,608	3,655	+ 47
Total................	$87,635	$83,025	$98,533	$126,215	$+27,682

SUMMARY OF ADP RESOURCES BY EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average employment.........	1,129	1,044	1,062	1,108	+ 46
Obligations:					
Personal services..........	$28,518	$26,720	$27,174	$ 28,414	$+ 1,240
Employee travel............	783	2,079	2,072	2,118	+ 46
ADP equipment rentals......	1,419	1,851	2,027	2,092	+ 65
Services:					
Commercial services......	14,973	26,991	29,925	32,236	+ 2,311
Interagency services.....	1,057	1,277	1,339	1,373	+ 34
Intra-agency services....	10,781	10,781	10,781	10,963	+ 182
Space and other operating expenses.................	3,395	7,052	6,743	7,343	+ 600
Capital investment.........	26,709	6,274	17,963	41,676	+23,713
Site preparation...........	...	...	509	...	- 509
Total................	$87,635	$83,025	$98,533	$126,215	$+27,682

MEDICAL CARE

Funds identified under this appropriation support nationwide Automated data processing (ADP) activities related to Veterans Administration medical center (VAMC) operations, including common service support from the Office of Data Management and Telecommunications (ODM&T). Included in this request are resources to support the implementation or operational phase of new medical ADP applications (to include the Department of Medicine and Surgery's (DM&S) decentralized hospital computer program (DHCP)) as well as continuing support and improvement of existing applications.

Resource requirements are detailed below:

MEDICAL CARE
ADP RESOURCES BY EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase(+) Decrease(-)
Average employment........	905	821	842	888	+ 46
Obligations:					
Personal services.........	$22,141	$20,448	$20,963	$22,137	$+ 1,174
Employee travel...........	600	1,898	1,936	1,978	+ 42
ADP equipment rentals.....	1,045	1,499	1,499	1,562	+ 63
Services:					
Commercial services.....	13,216	24,886	27,935	30,165	+ 2,230
Interagency services....	465	150	638	644	+ 6
Intra-agency services...	10,781	10,781	10,781	10,963	+ 182
Space and other operating expenses................	2,864	6,653	6,367	6,953	+ 586
Capital investment........	22,324	3,123	14,661	38,272	+23,611
Site preparation..........	...	...	509	...	- 509
Total.....................	$73,436	$69,438	$85,289	$112,674	$+27,385

Changes in 1986 budget estimates

The current 1986 estimate ($85,289,000 and 842 FTEE) reflects an increase of $15,851,000 and 21 FTEE to the 1986 budget estimate. This increase (itemized below) emphasizes a greater level of support to the Department's computerization program.

(1) A one-time reprogramming of $16,049,000 and 11 FTEE is planned in 1986 for: Personal and Accounting Integrated Data (PAID) Prototype study ($1,963,000 and 11 FTEE); decentralized hospital computer program ($6,995,000); equipment for construction projects activating in 1986 ($500,000); and other automatic data processing requirements ($6,591,000).

(2) An increase of $1,716,000 and 76 FTEE to personal service obligations and FTEE reflecting the 1985 level of activity offset for the net of 1986 productivity increases (reduction in dollars and FTEE) and within-grade salary increases.

(3) A decrease of $1,914,000 and 66 FTEE reflects this program's share of the resource reductions associated with PL 99-177, the Balanced Budget and Emergency Deficit Control Act of 1985.

Analysis of the 1987 increases and decreases

The Medical care automatic data processing activities will require $112,674,000 and 888 FTEE in 1987. This is an increase of $27,385,000 and 46 FTEE from the 1986 current estimate. The net change is explained as follows: First, the 1986 current estimate of $85,289,000 and 842 FTEE for ADP Services is lower in 1987 by $16,049,000 and 11 FTEE for the one-time reprogramming (see explanation of change to 1986 estimates). The resulting recurring base of $69,240,000 and 831 FTEE is further adjusted for uncontrollable payroll and inflation increases ($2,003,000) and reduced cost due to productivity increases projected for 1987 (reduction of $222,000 and 9 FTEE). Increases of $1,914,000 and 66 FTEE are requested to support planned level of ADP activities (other than for DHCP). Finally, an increase of $35,018,000 is estimated for DHCP equipment and $4,721,000 is estimated for maintenance of computer equipment, resulting in the total ADP request of $112,674,000 and 888 FTEE in 1987.

MEDICAL AND PROSTHETIC RESEARCH

The Automated Data Processing (ADP) funding and employment support for the Medical and Prosthetic research appropriation is necessary to maintain state-of-the-art instrumentation involved in data collection and analysis. In order to advance the reliability and speed of data analyses, ADP equipment must be replaced and new equipment purchased for ongoing studies and newly initiated programs. Items, data and trends that are easily overlooked or undetected can be tracked by computer systems. Resource levels are reflected in the following chart:

MEDICAL AND PROSTHETIC RESEARCH
ADP RESOURCES BY EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average employment........	74	77	73	73	...
Obligations:					
Personal services.........	$2,030	$2,019	$1,920	$1,939	$+ 19
ADP	110	74	196	204	+ 8
Services:					
Commercial services.....	836	1,331	1,024	1,066	+ 42
Interagency services....	3	13	13	13	...
Space and other operating expenses................	287	204	121	126	+ 5
Capital investment........	2,524	2,369	2,636	2,848	+212
Total.................	$5,790	$6,010	$5,910	$6,196	$+286

The 1986 current estimate reflects a decrease of four FTEE from the 1986 budget estimate. This decrease of FTEE and the realignment of the various objects was made based on a current assessment of need and reflects the impact of Congressional action which reduced the 1986 Medical and Prosthetic Research total budget request by $2,105,000 and also reflects the impact of the Balanced Budget and Emergency Deficit Control Act of 1985.

The 1987 increase of $286,000 reflects within grade increases ($19,000) and inflation ($167,000) needed to maintain current services and a $100,000 increase in the level for equipment purchases to support the research program.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

Funds identified for the Medical administration and miscellaneous operating expenses (MAMOE) appropriation will be utilized to support Central Office management functions. Included in this request are resources to support the Department of Medicine and Surgery's (DM&S) Automated Data Processing (ADP) management staff, contracts for computer time sharing services and the maintenance and enhancement of existing Central Office operational systems.

The funding increases for 1987 total $182,000 as reflected in the following chart:

MAMOE
ADP RESOURCES BY EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average employment......	41	37	37	37	...
Obligations:					
Personal services.......	$1,133	$1,120	$1,032	$1,043	$+ 11
Employee travel.........	133	131	86	90	+ 4
ADP equipment rentals...	99	160	160	166	+ 6
Services:					
Commercial services...	575	738	914	950	+ 36
Interagency services..	589	1,114	688	716	+ 28
Capital investment......	1,584	409	459	556	+ 97
Total.................	$4,113	$3,672	$3,339	$3,521	$+182

The 1986 current estimate reflects the impact of Congressional action which reduced the 1986 MAMOE request by $3,595,000 and a $150,000 reduction made pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985.

The 1987 increase of $182,000 reflects an increase for inflation ($101,000), personal service within-grades ($11,000), and a $150,000 increase to support the management functions and initiatives, less an $80,000 transfer of maintenance charges to the Construction minor projects appropriation for the Facility Engineering Planning and Construction (FEPAC) transfer.

CANTEEN SERVICE REVOLVING FUND

The Automated Data Processing (ADP) funding and employment support for the Canteen service revolving fund is necessary for financial reporting.

CANTEEN SERVICE REVOLVING FUND
ADP RESOURCES BY EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase(+) Decrease(-)
Average employment..........	4	4	5	5	...
Obligations:					
Personal services...........	$ 74	$ 91	$ 88	$ 92	$+ 4
ADP Equipment Rentals.......	18	...	18	...	- 18
Services:					
Commercial services.......	346	36	52	55	+ 3
Space and Other Operating Expenses..................	21	...	22	22	...
Capital investment..........	277	373	207	...	-207
Total...................	$736	$500	$387	$169	$-218

The change in the 1986 current estimate is primarily due to postponement of the planned installation of the Retail Management Information System (RMIS) until 1988 or later.

The decrease of $218,000 to 1987 is primarily due to decreased requirements for capital investment associated with the RMIS postponement.

GENERAL OPERATING EXPENSES

OFFICE OF DATA MANAGEMENT AND TELECOMMUNICATIONS

The mission of Office of Data Management and Telecommunications (ODM&T) is to provide a complete range of Automated Data Processing (ADP) and telecommunication services to all departments and staff offices of the Veterans Administration (VA).

ADP services include technical assistance, operational support, training, equipment acquisition, and other related services.

OFFICE OF DATA MANAGEMENT AND TELECOMMUNICATIONS
MEDICAL ADP RESOURCES BY EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase(+) Decrease(-)
Average employment........	105	105	105	105	...
Obligations:					
Personal services.........	$3,140	$3,042	$3,171	$3,203	$+ 32
Employee travel...........	50	50	50	50	...
ADP equipment rentals.....	147	118	154	160	+ 6
Space and other operating expenses................	223	195	233	242	+ 9
Total.................	$3,560	$3,405	$3,608	$3,655	$+ 47

The continuation of uninterrupted processing of all ongoing DM&S applications maintained by ODM&T is a primary objective. Substantial maintenance and enhancement functions are performed by ODM&T for DM&S on a continuing basis to insure this goal is met. There are approximately 40 medical care projects requiring ODM&T support in 1987. The major initiatives/projects are as follows:

DMS/DVB/DMA Information Exchange Project

Medical District Initiated Program Planning (MEDIPP)

Fee Basis Medical and Pharmacy (FEE)

Vietnam Veterans Readjustment Counseling Program (OUTREACH)

Patient Treatment File (PTF)

Diagnostic Related Groups (DRG's)

Outpatient Staff System (OPC)

Staffing Management Program (SMP)

Agent Orange (AGO)

Non-VA Hospital System

Hospital Based Home Care (HBHC)

CONSULTING SERVICES

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Request
Obligations..................	$969	$ 598	$1,049

Program Description

Letters of agreement for advisory and assistance services funded through the Medical administration program are issued primarily for the following purposes:

1. To support Title 38 U.S.C. advisory bodies such as the Special Medical Advisory Group (SMAG), Geriatric and Gerontology Advisory Committee and the Advisory Committee on Woman Veterans;
2. To complement and further program functions under Professional Services--for example, consultations on therapeutic approaches and health maintenance for the veteran population; review and evaluation of medical, surgical, neurologic, radiologic, pathologic, mental health and rehabilitative endeavors; and, performance of Congressionally mandated studies;
3. To enhance administrative activities such as the development of resource allocation methodologies and staffing productivity standards, upgrading communications equipment and skills and meeting mandated public law requirements; and,
4. To provide for objective review and evaluation, and to assist managers of programs administered by the Offices of Academic Affairs, Medical Information Resource Management (ADP decentralization), Dentistry, Geriatrics and Extended Care, Program Analysis and Development (Medical District Initiated Program Planning - MEDIPP) and the Agent Orange Projects Office.

The 1986 estimate reflects a reduction of $426,000 made as a result of the Balanced Budget and Emergency Deficit Control Act of 1985. The 1987 request reflects an increase for inflation ($25,000) and an increase in consultant activities.

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MEDICAL CARE

APPROPRIATION LANGUAGE

For necessary expenses for the maintenance and operation of hospitals, nursing homes, and domiciliary facilities; for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Veterans Administration, including care and treatment in facilities not under the jurisdiction of the Veterans Administration, and furnishing recreational facilities, supplies and equipment; funeral, burial and other expenses incidental thereto for beneficiaries receiving care in Veterans Administration facilities; repairing, altering, improving or providing facilities in the several hospitals and homes under the jurisdiction of the Veterans Administration, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; uniforms or allowance therefor, as authorized by law (5 U.S.C. 5901-5902); aid to State homes as authorized by law (38 U.S.C. 641); and not to exceed $2,000,000 to fund cost comparison studies as referred to in 38 U.S.C. 5010(a)(5); [$9,255,694,000] $9,083,983,000, plus reimbursements.

EXPLANATION OF LANGUAGE CHANGE

No change is proposed in the appropriation language for 1987.

PROGRAM DESCRIPTION

The 1987 appropriation requirements are presented in this justification under the following four major activity classifications:

1. Maintenance and Operation of Veterans Administration (VA) Medical Programs

VA inpatient medical centers

Inpatient medical care within the VA health care system is delivered in hospitals, nursing homes and domiciliaries. In VA hospitals, those veterans with general medical ailments are treated in the medical bed sections, veterans requiring surgery are treated in the surgical bed sections, veterans with problems related to mental illness, including alcohol and drug problems, are treated in the psychiatric bed sections and veterans requiring a level of care between acute and long-term or extended care are treated in the intermediate bed sections.

The VA nursing home care program is designed to accommodate individuals who are not acutely ill and not in need of hospital care, but who require skilled nursing care, related medical services, supportive personal care and individual adjustment services (including social, diversional, recreational and spiritual activities and opportunities).

The VA domiciliary care program is directed toward providing necessary medical care and physical, social and psychological support services in a sheltered environment and includes a program to prepare veterans, who have the potential to function more independently, to return to community living.

SUMMARY OF APPROPRIATION HIGHLIGHTS
(dollars in thousands)

Appropriation/Fund	1986					1987				Change from 1986 Current Request
	Amended President's Budget	Congressional Action	PL99-177	Other	Current Request	Uncontrollable Increases	Controllable		Budget Request	
							Workload Changes	Program Changes		
Medical care	$9,292,974	$-37,280	$-117,557	$-8,000 [1]	$9,130,137	$+337,742	$+16,771	$-400,667	$9,083,983	$-46,154
Medical and prosthetic research	191,370	- 2,105	- 8,138	...	181,127	+ 2,784	...	+ 5,004	188,915	+ 7,788
Medical administration and miscellaneous operating expenses	57,119	- 3,595	- 2,302	...	51,222	+ 925	...	- 9,453	42,694	- 8,528
Grants for construction of State extended care facilities	22,000	- 242	- 936	...	20,822	...	...	+ 21,578	42,400	+21,578
Grants to the Republic of the Philippines	500	- 5	- 21	...	474	...	...	+ 26	500	+ 26
General post fund (Trust)	15,000	...	...	-1,500 [2]	13,500	...	...	+ 1,000	14,500	+ 1,000
Total	$9,578,963	$-43,227	$-128,954	$-9,500	$9,397,282	$+341,451	$+16,771	$-382,512	$9,372,992	$-24,290

[1] Appropriation transfer to General Operating Expense.
[2] Reduction to expected donations.

Outpatient care

Outpatient medical and dental care is provided to eligible veteran beneficiaries in each of the Veterans Administration medical centers (VAMC's) and independent outpatient clinics. In addition, several VAMC's operate satellite clinics in areas which are geographically remote from VAMC facilities but where there are veteran populations of significant size.

The majority of VA's outpatient care is provided by its own professional staff. However, the services of private physicians and dentists are utilized on a fee basis to provide health care for eligible beneficiaries whenever the necessary VA facilities are not geographically accessible.

Miscellaneous benefits and services

This activity includes those items of expense associated with District/Regional support, continuing education of employees and continuing education field units (Regional Medical Education Centers), readjustment counseling, beneficiary travel, operation of housekeeping and non-housekeeping quarters, and the cost involved with supply, engineering, housekeeping and services furnished to other VA activities (Department of Veterans Benefits, Office of Data Management and Telecommunications and other organizations) on a non-reimbursable basis.

Education and training

The VA conducts an education and training program to enhance the quality of care provided to eligible veterans within the VA health care delivery system. These education and training activities improve the care of veterans in that: trainees participate in their clinical medical care at the bedside and in clinics; more able health care professionals are attracted where there are learning and teaching opportunities; medical advances are more likely to be applied in a teaching setting; a questioning attitude between trainee and teacher enhances the quality of care; and trainee exposure to the VA is beneficial to recruitment in the Department of Medicine and Surgery (DM&S).

2. Contract Care

Contract hospitalization

In addition to those facilities operated directly by the VA, there are other public and private facilities whose services are utilized through contractual arrangements. Hospitalization of VA beneficiaries in other Federal hospitals is provided to insure availability of medical care in areas where VAMC's are not available. Also, according to the provisions of Sections 601 and 1506, Title 38 U.S.C., VA beneficiaries are provided care in non-Federal hospitals at VA expense.

Community nursing home care

This program is designed to complement the VA nursing home program by providing skilled or intermediate nursing home care, for a period not to exceed six months, to veterans in their home communities as a transition from hospitalization in VAMC's. Veterans hospitalized primarily for a service-connected disability are exempt from the six month limitation.

3. Grants for State Home Care

State veterans home care

The VA assists States by making per diem payments for domiciliary, nursing home and hospital care provided in State home facilities to veterans eligible for VA care.

4. Civilian Health and Medical Program of the Veterans Administration (CHAMPVA)

Civilian health and medical program of the VA

This program provides care for certain dependents as authorized by 38 U.S.C. 613. This authorizes the VA to furnish medical care to the spouse or child of a veteran who has a total and permanent service-connected disability, and the widowed spouse or child of a veteran who: (a) died as a result of a service-connected disability; or (b) at the time of death had a total disability permanent in nature, resulting from a service-connected disability.

CHARACTERISTICS OF VA MEDICAL CARE AND TREATMENT

The VA inpatient health care delivery system is comprised of 172 medical centers. It is a nationally dispersed system providing comprehensive care to a specifically identified population. The mission of the Department of Medicine and Surgery (DM&S), which operates and maintains the system, is formulated to provide the following:

(1) a complete health care delivery service for the ambulatory and hospital care of eligible veterans;

(2) a program of education and training of health care personnel;

(3) a program of medical research; and

(4) health care services to members of the Armed Forces during a war or national emergency.

The medical care needs of the eligible veteran population differ in several ways from the needs of patients who seek care in the private sector. There are no infants, preteens or adolescents, and only a small proportion of females among the veteran population. The VA, therefore, is designed to care for adult, mostly male, patients having multiple disabilities and problems.

In particular, the manner of delivering bed care for the typical veteran patient differs significantly from health care delivery in the private sector. In the private hospital, the typical patient receives medical care preceding the hospital episode and is then sent to the hospital for treatment of a specific condition. Upon completion of treatment for that condition, the patient typically returns to home, family and job with the necessary follow-up medical care being rendered in the community doctor's office.

The majority of VA patients, however, do not follow these steps. Often, they arrive at VAMC's as self-referrals. Their diagnoses and inpatient treatment proceed, usually for several medical problems. When specific treatment is completed, the need for post-hospital care must be addressed. An additional few days of non-acute inpatient care may be considered preferable to having a patient, who lives 50-100 miles from the hospital, return twice for follow-up care in the next three days (e.g., to have sutures removed or to check response to a new treatment).

With a great majority of VA hospital patients at or below the poverty level of income, and with many lacking an immediate family, outplacement may be compassionately delayed until suitable arrangements can be made for the veteran.

The aged, disabled or chronically ill patient, who lacks a viable alternative to hospital care, presents a different problem of care for the VA than that typically faced by the acute-care private hospital. In the private sector, discharge from hospitalization tends to take precedence over the availability, suitability and economic impact of the discharge on the patient and his family. In the VA, the patient lacking alternatives may be held in non-acute care wards until an appropriate placement - in a VAMC or until another location can be identified.

Finally, the system is also challenged to address specific and emerging special program areas. These areas include the analysis of needs and provision of services to aging veterans, female veterans, Vietnam veterans, veterans exposed to Agent Orange and ionizing radiation, former prisoners of war and other groups. In addition, certain VAMCs can provide highly specialized care and rehabilitation for those who are paralyzed due to spinal cord injury and those who are blind.

In summary, the VA medical care program is designed to meet unique needs of the veteran population and has created the associated health care delivery mechanism required to meet these needs. On average, VA patients are older, have lower incomes and are more often in need of highly specialized and more comprehensive care than their counterparts in the general patient population. In the VA, inpatient health care is linked with outpatient care and specialized care modalities to provide an integrated, comprehensive system of health care delivery for eligible veteran beneficiaries. The capability for continuing to meet the special needs of veterans rests on the totality of the VA system.

THE VETERAN POPULATION AND THOSE WHO ARE VA PATIENTS

Veterans Administration (VA) medical records for 1984 indicate that about 3 million different veterans were VA patients. This level of patient load is significantly less than might be expected to be generated by the entire veteran population of 28,027,000 [1] persons, all but 1,163,000 of whom are males and reflects that not all veterans who are eligible for VA care would choose to use the VA. There are three groups of veterans eligible for VA medical care and treatment:

Estimated Eligible Veterans [2]

Veteran Groups	All Ages	Under Age 65	Age 65 and over
1. Veterans with service-connected conditions......................	3,848,000	2,760,000	1,088,000
2. Veterans receiving a VA pension..	600,000	273,000	327,000
3. Veterans who are either age 65 or over or veterans who may receive needed care if they cannot defray cost of private care....	7,536,000	4,353,000	3,183,000
Total eligible veterans..............	11,984,000	7,386,000	4,598,000

There are expected to be relatively few new veterans added (about 225,000 per year) but those now in the population will advance in age. Whereas there are now only 16 percent age 65 and over, 37 percent of all veterans will be age 65 or over and 16 percent will be 75 or over by the year 2000. The number of patients treated could increase because older persons consume relatively more health services than do younger ones.

Another factor influencing the veterans' choice of a health care provider is the extent to which they have health insurance. Surveys taken among samples of veterans indicate that among all veterans about 89 percent have some health insurance while 11 percent do not. Among veterans hospitalized in VA medical facilities, only 55 percent have some health insurance (including Medicare and Medicaid), while 45 percent do not.

This difference in health insurance coverage between all veterans and Veterans Administration (VA) health care users suggests that veterans who use VA care are not similar to all veterans. This is borne out by available data. VA users have lower incomes, are more often not married, are generally older, are more often disabled and are more often members of minority groups.

[1] Estimate as of Sepember 30, 1984, based on 1980 U.S. Census.

[2] Does not reflect the proposed eligibility reform for non-service connected veterans over age 65.

LEGISLATIVE INITIATIVES

VA's primary health care mission is to treat veterans for their service-connected disabilities. Currently, most of the system's users are either veterans with service-connected disabilities or low-to-moderate-income veterans. Some users with no service-related disabilities have an income level with which they should be able to defray some or all of the costs of their medical care. This is especially true for younger veterans who are active in the workforce and participate in private health insurance plans, and for veterans over 65, most of whom are eligible for medicare. Therefore, the 1987 budget reproposes a reform of eligibility for VA medical care that would allow VA to sustain the quality of care provided to the most deserving veterans--those with service-connected disabilities and those without resources to defray all or part of their health care expenses.

Under the proposed reform, the VA would continue to fulfill its primary mission of care for service-disabled veterans and would provide medical care, within the limits of VA facilities, to the following:

(1) service-connected veterans for nonservice-related disabilities;

(2) veterans who were prisoners of war;

(3) Vietnam War veterans exposed to certain herbicides (Agent Orange veterans);

(4) veterans exposed to ionizing radiation (atomic testing veterans);

(5) VA pensioners;

(6) World War I, Spanish American War, and Mexican Border Period veterans; and

(7) veterans with income below an eligibility level set at twice the VA pension rate standard, regardless of age. This level would be over $15,000 in 1987 for a veteran with one dependent.

A means test would be applied to all other veterans--regardless of age--whose family income exceeds the eligibility level:

(1) In most cases, these veterans would not be eligible for VA health care until the family's out-of-pocket medical expenses exceeded certain amounts.

(2) These out-of-pocket expenses, called the "expected medical expense contribution", would be an increasing share of the amount by which the veteran's family income exceeds the eligibility level. This share would increase progressively with income, from 25 percent to 90 percent, requiring higher income veterans to finance a larger amount of their medical expenses before entering the VA system.

(3) In emergency, catastrophic or extraordinary circumstances, these veterans could receive care in the VA system by paying the VA their share of the cost, up to their expected medical expense contribution.

(4) In exceptional and unusual circumstances, the Administrator could waive the veteran's expected medical expense contribution.

The Administration will continue to seek enactment of the President's proposal to require reimbursement from veteran-held private insurance plans, for VA care provided to nonservice-connected veterans.

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major Programs:				
Maintenance and operation of VA medical programs..	$8,373,535	$8,654,675	$8,469,213	$-185,462
Contract care..............	413,269	437,612	491,812	+ 54,200
Grants for State home care	66,948	71,104	73,862	+ 2,758
CHAMPVA....................	82,522	81,697	109,096	+ 27,399
Obligations..................	8,936,274	9,245,088	9,143,983	-101,105
Appropriation................	8,941,169	9,130,137	9,083,983	- 46,154
Outlays......................	8,721,690	9,067,560	8,960,952	-106,608
Average employment (jurisdictional)..........	193,229	192,635	185,093	- 7,542

SUMMARY OF BUDGET REQUEST

This budget provides for the medical care and treatment of veterans in Veterans Administration medical centers (VAMC's) with 72,221 census, 1,283,327 patients treated and 18,564,000 staff and fee outpatient medical visits; contract facilities with 12,754 census and 64,363 patients treated; support for State programs with 13,937 census and 28,190 patients treated; and the Civilian health and medical program of the VA (CHAMPVA) administered through the Department of Defense with 382 census and 292,576 outpatient visits.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	PL 99-160 with Adj. 2/	Adj. for PL 99-177 3/	Current Estimate	Current Est. vs. Budget
Major Programs:					
Maintenance and operation of VA medical programs...	$8,776,973	$8,766,514	$-111,839	$8,654,675	$-122,298
Contract care..............	432,458	442,097	- 4,485	437,612	+ 5,154
Grants for State home care.	74,378	71,833	- 729	71,104	- 3,274
CHAMPVA....................	74,165	82,522	- 825	81,697	+ 7,532
Obligations..................	9,357,974	9,362,966	-117,878	9,245,088	-112,886
Appropriation................	9,292,974	9,247,694	-117,557	9,130,137	-162,837
Outlays......................	9,254,674	9,171,447	-103,887	9,067,560	-187,114
Average employment (jurisdictional)...........	192,048	193,941	- 1,306	192,635	+ 587

1/ President's Budget request as amended.
2/ Adjusted for Congressional Action and current year reestimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

Changes from the original 1986 budget estimate are analyzed below:

		(dollars in thousands) Budget Authority
1.	1986 budget estimate	$9,090,000
	Amended for 5 percent pay adjustment	+202,974
	Amended budget request	9,292,974
2.	Congressional action	- 37,280
	Enacted appropriation	9,255,694
3.	Appropriation transfer	- 8,000
	Total appropriation, adjusted	9,247,694
4.	The Balanced Budget and Emergency Deficit Control Act of 1985 sequestration	-117,557
	Total appropriation estimate	$9,130,137

The original 1986 President's budget request was amended to restore the proposed five percent pay reduction.

In 1986 appropriation action, Congress reduced the amended request by $37,280,000; approved an employment level of 193,941 FTEE; and directed that $10,000,000 be provided from the enacted appropriation level to support advanced technology equipment sharing with the private sector. Additionally, PL 99-190, the third continuing resolution authorized a transfer of up to $8,000,000 to the General operating expenses (GOE) appropriation which the Agency will be making to best provide benefits to veterans.

The appropriation level is estimated to be lowered by $117,557,000 and by an estimated 1,306 FTEE as a result of sequestration pursuant to PL 99-177 (the Balanced Budget and Emergency Deficit Control Act of 1985). In accordance with the law, this sequestration will be made uniformly across the major Medical care programs and sub-activities.

The changes from the amended 1986 President's budget estimates of obligations by major object class are shown below:

(dollars in thousands)

	Budget Estimate 1/	Current Estimate			
		PL 99-160 with Adj. 2/	Adj. for PL 99-177 3/	Current Estimate	Current Est. vs. Budget Est.
Average employment (jurisdictional)	192,048	193,941	- 1,306	192,635	+ 587
Object class:					
Personal Services	$5,833,830	$5,807,762	$- 68,774	$5,738,988	$- 94,842
Travel	123,042	122,054	...	122,054	- 988
Transportation of things	19,742	20,492	...	20,492	+ 750
Rents, Comm. & utilities	378,610	363,665	...	363,665	- 14,945
Printing & reproduction	9,359	8,609	...	8,609	- 750
Other services	1,085,271	1,075,301	- 5,008	1,070,293	- 14,978
Supplies & materials	1,412,854	1,441,026	...	1,441,026	+ 28,172
Equipment	304,978	336,038	- 23,415	312,623	+ 7,645
Lands & structures	119,970	119,970	- 20,000	99,970	- 20,000
Grants, subsidies & contributions	70,318	68,049	- 681	67,368	- 2,950
Total obligations	$9,357,974	$9,362,966	$-117,878	$9,245,088	$-112,886

1/ President's Budget request as amended.
2/ Adjusted for Congressional action and current year reestimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

Narrative explanation of changes in object distribution

The preceding chart traces obligations by major object from the President's budget request to the current estimate (the impact of PL 99-177 is highlighted). The distribution request shown does not limit VAMCs from using their own management prerogative in achieving maximum health care per dollar. The chart represents a prospective estimate of how the VAMCs will utilize their total available resources.

All estimates have been adjusted to more accurately reflect the distribution experienced in 1985. The most significant change occurred in personal services and is described below:

The personal services estimate for 1986 was adjusted downward by $26,068,000 prior to the implementation of PL 99-177 and would support a level of 193,941 FTEE. This adjustment reflects the impact of Congressional actions and an effort to align resources in a manner consistent with 1985 actuals. These actions and adjustments include a 1985 carry over of obligations to support the mandated level of employment ($34,212,000); the 1986 appropriation action ($-37,280,000) including an absorption from personal services to fund advanced technology equipment sharing ($-10,000,000); a reimbursement reestimate ($-5,000,000); and an appropriation transfer to the General operating expenses appropriation ($-8,000,000).

Certain accounts were impacted directly by sequestration associated with the Balanced Budget and Emergency Deficit Control Act of 1985 (PL 99-177). Specifically the distribution of sequestered funds lowered funding for personal services ($68,774,000 and 1,306 FTEE) which have been applied uniformly to the major medical programs and sub-activities.

The resulting total personal services estimate for 1986 represents the current estimate of average payroll costs per FTEE and will support an employment level of 192,635.

ANALYSIS OF INCREASES AND DECREASES - OBLIGATIONS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year obligations..................	$8,936,274	$9,245,088
1985 Supplemental adjustment in 1986....	- 24,728	...
1985 Carry over available in 1986.......	+ 55,272	...
Adjustment for 1985 appropriation lapse.	+ 5,245	...
Budget increase.........................	+235,572	...
1985 Rescission restoration adjust., net	- 6,741	...
Restoration of 5 percent pay adjustment.	+202,974	...
Congressional action....................	- 37,280	...
Reimbursement increase..................	+ 4,379	...
Appropriation transfer to CCF...........	- 8,000	...
PL 99-177...............................	-117,878	...
Program reforms and management initiatives..........................	...	-503,691
Workload changes........................	...	+ 2,046
Other program improvements..............	...	+ 19,800
Education and training programs.........	...	+ 5,382
Payroll for existing employment.........	...	+ 63,209
Cost for inflation and rate changes.....	...	+177,395
Maintenance and repair and capital investment............................	...	+ 72,554
Facility activations....................	...	+ 62,200
Net change..............................	+308,815	-101,105
Estimated obligations...................	$9,245,088	$9,143,983

An obligation decrease of $101,105,000 is anticipated in 1987 for:

1) Program reforms and management initiatives, net reduction of $503,691,000.

2) Workload related changes (net increase) of $2,046,000 including Veterans Administration (VA) and non-VA workload.

3) Increase of $19,800,000 for other program improvements.

4) Increase of $5,382,000 in education and training related activities.

5) Uncontrollable payroll increases of $63,209,000 including within-grades.

6) Increased costs of $177,395,000 due to inflation (including supplies and materials and rate changes in non-VA programs).

7) Increased capital investment of $72,554,000 including maintenance and repair, minor improvements and replacement and additional equipment.

8) Increase of $62,200,000 for facility activations.

OUTLAYS RECONCILIATION
(dollars in thousands)

	1985 Actual	1986 Budget	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Obligations, total....	$8,936,274	$9,357,974	$9,245,088	$9,141,983	$-101,105
Reimbursements.........	- 55,621	- 65,000	- 60,000	- 60,000	...
Unobligated balance available					
Start of year.......	...	...	- 55,272	...	+ 55,272
End of year.........	55,272 1/	...	...	...	...
Reduction in new spending authority (offsetting collections)........	...	...	321	...	- 321
Lapse.................	5,245	...	...	...	...
Budget authority......	8,941,169	9,292,974	9,130,137	9,083,983	- 46,154
Appropriation.........	8,941,169	9,292,974	9,255,694	9,083,983	-171,711
Balanced Budget and Emergency Deficit Control Act of 1985.	...	...	- 117,557	...	+117,557
Transferred to other accounts............	...	...	- 8,000	...	+ 8,000
Appropriation adjusted	8,941,169	9,292,974	9,130,137	9,083,983	- 46,154
Obligations, net......	8,880,653	9,292,974	9,185,088	9,083,983	-101,105
Obligated balance (Start of year).....	1,036,101	1,148,508	1,164,421	1,281,949	+117,528
Obligated balance (End of year).......	-1,164,421	-1,186,808	-1,281,949	-1,404,980	-123,031
Adjustments in expired accounts....	- 30,643	...	...	...	...
Outlays...............	$8,721,690	$9,254,674	$9,067,560	$8,960,952	$-106,608

1/ This amount is the unobligated balance remaining from funds made available for two years (1985-1986).

MEDICAL CARE

PROGRAM RESOURCE CHANGES, SUMMARY

The Medical care appropriation provides for expenses necessary for the maintenance and operation of Veterans Administration medical centers (VAMC's) consisting of hospitals, nursing homes, domiciliaries and outpatient clinics and the care and treatment of eligible beneficiaries in non-VA hospitals, community nursing homes and State home facilities. In addition, training of medical residents and interns and other professional, paramedical and administrative personnel in the health science fields is provided to support the Agency's manpower requirements.

Details related to the 1987 decreases in obligations of $101,105,000 and in jurisdictional average or full-time equivalent employment (FTEE) of 7,542 for the Medical care appropriation is presented in the following sections:

SUMMARY OF RESOURCE INCREASES/DECREASES
(dollars in thousands)

Item	FTEE	Obligations
1. Program reforms and management initiatives	-8,927	$-503,691
2. Workload related changes:		
a. Existing VAMC's	- 108	- 37,647
b. Extended care programs	+ 141	+ 14,919
c. Contract hospital	...	+ 7,220
d. CHAMPVA	...	+ 15,080
e. Real property rental	...	+ 2,474
Subtotal	+ 33	+ 2,046
3. Other program improvements	+ 143	+ 19,800
4. Education and training programs	- 98	+ 5,382
5. Payroll for existing employment	...	+ 63,209
6. Cost for inflation and rate changes	...	+177,395
7. Maintenance & repair and capital investment	...	+ 72,554
8. Facility activations	+1,307	+ 62,200
Total	-7,542	$-101,105

These categories are presented, in detail, on the following pages:

1. Program reform and management initiatives: Decreases of $503,691,000 and 8,927 FTEE

A number of reform proposals are included in this budget request, designed to ensure quality treatment of the service-connected and low income veterans and allow others to be treated when space and resources are available. These reforms include: treating fewer low priority veterans; increasing productivity by allowing a one percent employment reduction; targeting beneficiary travel to include only payments for emergency travel; and savings associated with lower supply fund overhead charges. A discussion of each savings proposal follows the chart below:

SUMMARY OF PROGRAM REFORMS AND MANAGEMENT INITIATIVE PROPOSALS, SECTION 1
(dollars in thousands)

Proposal	FTEE	Obligations
Savings from treating fewer low priority veterans	-6,988	$-351,116
One percent productivity increase	-1,939	- 57,200
Beneficiary travel reform	...	- 95,200
Supply fund overhead charges	...	- 175
Total	-8,927	$-503,691

1.a. Treating fewer low priority veterans: Decreases of $351,116,000 and 6,988 FTEE

The program reform proposed for Medical care will provide a quality health care system to meet the needs of service-connected and low-income veterans. Currently 10.3 percent of hospital discharges are for service-connected veterans for service-connected conditions, and 19.5 percent for service-connected veterans for non-service-connected conditions.

This initiative will allow maximum resources to be available for the service-connected and low-income veterans by continuing the current priority for treatment of service-connected veterans and allowing others within available space and dollars. Legislation is being requested to establish a a means test for eligibility for veterans without service-connected disability regardless of age. As a result, fewer veterans with no service-connected disability and who are not in receipt of VA pension benefits will be provided care. It is estimated that these actions will reduce low priority veteran care by approximately 62,000 patients treated and 1,254,000 outpatient visits in 1987.

1.b. One percent productivity increase: Decreases of $57,200,000 and 1,939 FTEE

Staffing levels will be reduced by one percent to reflect productivity improvements anticipated in 1987. Employment adjustments will be applied across-the-board to all Medical care appropriation activities.

1.c. Beneficiary travel reform: Decrease of $95,200,000

The beneficiary travel program will be reformed to provide reimbursement only for the cost of emergency special mode transportation, such as ambulances, air ambulances and wheel chair vans. This reform will allow maximum Medical care resources to be available for patient care.

1.d. Supply fund overhead charges: Decrease of $175,000

This savings in Medical care operating costs is due to lower supply fund overhead charges anticipated due to management improvements.

2. Workload related changes: Increases of $2,046,000 and 33 FTEE

2.a. Existing Veterans Administration Medical Centers (VAMC's) (hospital activity): Net decreases of $37,647,000 and 108 FTEE

SUMMARY OF RESOURCE INCREASES/DECREASES, SECTION 2.a.
(dollars in thousands)

Item	FTEE	Obligations
Murfreesboro affiliation....................	+ 33	$+ 1,291
Nursing home care realignment...............	- 71	- 2,471
Hosp/nursing bed conversion.................	- 70	- 2,427
1986 carry-over adjustment (obligations)....	...	-34,212
Common service adjustment...................	...	+ 172
Total.......................................	-108	$-37,647

(1) Murfreesboro affiliation: Increases of $1,291,000 and 33 FTEE
In response to a recommendation made by a White House task force, the VA has been expanding the affiliation between the Meharry Medical College and the Murfreesboro, TN VAMC. Exclusive of Education and training ($240,000 and 3 FTEE discussed in section 4), an additional $1,291,000 and 33 FTEE are requested to continue the expansion of this affiliation. The 1987 resource level of $9,712,000 and 278 FTEE is necessary to complete the incremental conversion of 200 intermediate hospital beds to 155 acute medical and 45 acute surgical beds as construction phasing is completed.

(2) Hospital/nursing realignment: Decreases of $2,471,000 and 71 FTEE
Hospital resources will be reduced by $2,471,000 and 71 FTEE in 1987. These resources will help support the VA nursing home care activity (see section 2.b.(1)(a)). Nursing home care project slippage allowed prior year resources budgeted for the operation of newly constructed VA nursing homes to be temporarily utilized in the VA hospital activity. This initiative recognizes that it is now appropriate to realign resources between these two activities as originally planned and budgeted.

(3) Hospital to nursing bed conversion: Decreases of $2,427,000 and 70 FTEE
One of the areas where the needs of the aging veteran will have a dramatic impact is in the demand for nursing home beds. One method of providing additional long-term care beds within current resource levels is to convert existing beds to nursing home care beds. In 1987, $2,427,000 and 70 FTEE will be transferred from the hospital to the nursing home care activity (see section 2.b.(1)(b)) for the conversion of 59 beds to nursing home care.

(4) Carry-over adjustment (obligations): Decrease of $34,212,000
This reduction adjusts obligations in 1987 associated with the 1985 specially legislated two year availability of funds (supplemental in 1985 and obligation carry-over in 1986). In 1985 Congress provided an $80 million supplemental appropriation available for two years to support an approved ceiling level of 193,941 jurisdictional FTEE. Obligations of $55,272,000 were carried over into 1986, of which $34,212,000 was used to help maintain the Medical care employment level. This technical adjustment properly realigns obligations with the annual appropriation in 1987 by subtracting the 1986 carry-over from the base. This obligational reduction includes $21,060,000 in capital investment, section 7, (which represents a payback in 1986 of the amount reprogrammed to support employment in 1985 prior to the supplemental passage) with the balance ($34,212,000) reduced in this section.

(5) Common service adjustment: Increase of $172,000

The revised 1986 jurisdictional FTEE level includes an adjustment for the Medical care common service payment to the Department of Veterans Benefits (DVB). This adjustment changes the distribution of total FTEE contained in the 1986 Budget by decreasing common services FTEE and increasing jurisdictional FTEE by eight (common services employment down from the budget level of 597 to 589 - no change to net employment). Despite the loss of common services FTEE, personal service resource requirements will increase. This is due to a shift in the type of personnel (Director + 2 FTEE, Administrative/Fiscal - 10 FTEE) resulting in a higher average salary for the remaining FTEE. In addition, increased resources are required for higher than planned postage usage at various medical facilities.

In 1987 an increase of $172,000 is requested to annualize the non-recurring dollar realignment made in 1986 for additional personal services and increased postage costs. In addition, common services employment is expected to decrease by two resulting in a total common services employment level of 587 in 1987. The decrease in common services employment in 1987 will not effect jurisdictional FTEE but will reduce the net FTEE by two.

2.b. Extended care programs: Increases of $14,919,000 and 141 FTEE

The Veterans Administration's (VA) extended care programs encompass a broad spectrum of care. The range of programs, in addition to extended hospital care (intermediate care) and outpatient care, include the following: nursing home care which has three components--the VA's own nursing home care program, the community (contract) nursing home care program, and the State home nursing home care program; the domiciliary programs of both the VA and the States; hospital-based home care program; adult day health care program; and the community residential care program.

The majority of patients entering these extended care programs are from the acute care hospital system. When acute illnesses develop in these patients, they are transferred or admitted to the acute care hospital system. Medical care is available for these patients prior to admission to an extended care program and on a continuing basis. Extended care programs are arrayed in order of decreasing dependency and need for care (or rehabilitation services). Patients are encouraged to care for themselves, rather than develop dependency needs.

The projected increase in the elderly population of the United States is reflected in the veteran population. The number of veterans over the age of 65 was 4.6 million as of September, 1984. It is predicted that this number will increase to 7.2 million by 1990, and to 9 million by the year 2000. In 1990, 60 percent of all males over the age of 65 will be veterans. Of the projected 9 million veterans in the year 2000, 4 million will be 75 years of age or older. By the year 2030, 3.7 million veterans will still fall into this age group even though the total number of living veterans will decrease considerably over the same 30 year period.

The extended care program includes the following programs as authorized by various statutes:

Program	Authorized by	1987 Estimate
VA nursing home care..................	P.L. 88-450	10,972 Census
Community nursing home care..........	P.L. 88-450	12,019 Census
VA domiciliary care..................	P.L. 89-358	6,245 Census
Hospital based home care............	P.L. 93-82	3,150 Census

The VA also participates with States in the State veterans home program consisting of domiciliaries, nursing homes, and hospitals by providing per diem and certain construction costs:

State domiciliary care...............	Act of Aug. 27, 1888	4,584 Census
State nursing care..................	P.L. 88-450	8,836 Census
State hospital care.................	P.L. 76-250	517 Census

The Assistant Chief Medical Director for Geriatrics and Extended Care is responsible for evaluating all research, educational and clinical health care programs carried out by the Department of Medicine and Surgery (DM&S) in the field of geriatrics and extended care and serves as principal advisor to the Chief Medical Director with respect to such programs. The Geriatric research, education and clinical centers (GRECC's) provide one setting for integrated programs of research, educational and specialized clinical activity relevant to problems of the aged. The 1987 budget will support the 10 GRECC's currently in operation.

SUMMARY OF RESOURCE INCREASES/DECREASES, SECTION 2.b.
(dollars in thousands)

Item	FTEE	Obligations
VA nursing home care..................................	+141	$+ 4,898
Community nursing home care...........................	...	+ 7,308
State home programs...................................	...	+ 2,713
Total...	+141	$+14,919

As the veteran population ages, the demand for long-term care, especially among veterans over age 75, is likely to rise. The budget proposes to restructure and enhance VA's long-term care policy by increasing resources for non-institutional care programs, which enable veterans to remain at home when appropriate, and for VA-supported State and community nursing home programs, which are less costly than VA-owned nursing homes. This initiative would shift toward a goal of distributing the nursing home care provider mix on a national basis to 30 percent VA-owned, 40 percent community, and 30 percent State, from the current 40, 40 and 20 percent, respectively. By providing a greater share of care through VA-sponsored community and State programs, VA-provided nursing home care can continue to be expanded at a significantly lower cost. The budget provides for an increased daily census in community and State nursing home programs, and provides funding for adult day health care on a contract basis. Four new hospital based home care (HBHC) programs would also be funded, and legislation will be proposed to contract for HBHC.

Further details related to these activity changes follow:

(1) VA nursing home care: Increases of $4,898,000 and 141 FTEE

In 1987 there will be two changes to the VA nursing home care program. The first involves the realignment of resources from hospital operations to nursing home care due to project slippages. The second adjustment reflects a conversion of hospital beds to nursing home care beds.

(a) Realignment from VA hospital operations will add 71 FTEE and $2,471,000 and support 57 census (see section 2.a.(2)). The estimate associated with new activations and annualization of 1986 activations are justified in section 8.

(b) As discussed in section 2.a.(3), hospital beds will be converted to nursing home beds. In 1987, $2,427,000 and 70 FTEE will be transferred to nursing home care for the conversion of 59 beds. It is estimated that this conversion will increase census by 56.

(2) Community nursing home care: Increase of $7,308,000

An additional $7,308,000 is estimated to support the census level of 12,019 in 1987. This is an increase of 288 census over the 1986 current estimate of 11,731 census.

(3) State home programs: Increase of $2,713,000

An additional $2,713,000 is estimated to support workload changes in the State home programs in 1987. The chart below distributes the estimated increase of $2,713,000 and the estimated 475 census increase by State home program.

STATE HOME SUMMARY
(dollars in thousands)

Activity	Census	Obligations
State home nursing......................	+402	$+2,503
State home domiciliaries...............	+ 68	+ 181
State home hospital....................	+ 5	+ 29
Total..................................	+475	$+2,713

(4) Other extended care program changes

Increases in the VA domiciliary program can be seen in facility activations (Section 8). Hospital based home care and adult day health care program increases are shown in other program improvements (Section 3).

2.c. Contract hospital: Increase of $7,220,000

An additional $7,220,000 is estimated to support the census level of 735 in 1987. Although this represents a net decrease of 59 census from the 1986 level, which is attributable to the recently enacted extension that reduces contract authority levels in Puerto Rico (P.L. 99-166, section 102), the resultant census mix will be more expensive.

2.d. Civilian health and medical program of the VA (CHAMPVA): Increase of $15,080,000

Current projections indicate that the CHAMPVA program will experience an increase in inpatient census of 53 and 41 thousand outpatient visits in 1987.

2.e. Real property rental: Increase of $2,474,000

An increase of $2,474,000 is estimated for additional space rental in 1987. The General Services Administration (GSA) Standard level user charge (SLUC) portion of the increase ($379,000) will fund an additional 48 thousand square feet. An increase of $2,095,000 is estimated for direct leases ($1,845,000 for new leases and $250,000 to annualize space occupied during 1986 in Pensacola, Fl.).

3. Other program improvements: Increases of $19,800,000 and 143 FTEE

Other program improvements are established within the Veterans Administration medical centers (VAMC's) to provide and improve system-wide modern medical care techniques. Each program is unique in the amount of resources required for its establishment. All of these programs are centralized for overview monitoring and evaluation by Central Office staff. A discussion of each initiative follows the chart.

SUMMARY OF RESOURCE INCREASES, SECTION 3
(dollars in thousands)

Other program improvements	FTEE	Recurring Obligations	Cap.Inv. (Section 7)	Total
National disaster medical system (NDMS)..................	+ 69	$+ 1,825	...	$+ 1,825
Decentralized hospital computer program (DHCP)................	...	+ 4,721	$+35,018	+39,739
Most efficient organization (MEO)	...	+ 5,000	...	+ 5,000
Hospital based home care (HBHC).	+ 20	+ 915	...	+ 915
Adult day health care (ADHC)....	...	+ 4,000	...	+ 4,000
Medical district initiated peer review organization (MEDIPRO).	+ 54	+ 3,339	...	+ 3,339
Total..........................	+143	$+19,800	$+35,018	$+54,818

3.a. National disaster medical system (NDMS): Increases of $1,825,000 and 69 FTEE

The President's approved National Plan of Action for emergency mobilization preparedness assigned the VA specific tasks, including the establishment and operation of National disaster medical system coordinating centers at 36 VA Medical Centers (VAMC's). This initiative will provide funding for a health system specialist as coordinators at the 36 centers and for program assistants at most of these same centers.

3.b. Decentralized hospital computer program (DHCP): Increase of $4,721,000

In 1982 computer resources were provided to automate critical needs in the areas of inpatient and outpatient pharmacy; admissions, transfers and discharges; clinical scheduling; and clinical laboratory; called "core applications". Major equipment procurements were initiated which resulted in delivery of over 450 computers and 18,000 terminals and printers to the medical centers. By the end of 1986, all medical centers will be fully operational with "core applications". This request will provide recurring maintenance ($4,721,000) for the additional equipment procurements ($35,018,000) for computers, peripherals, video display devices, printers, bar code devices and communications equipment (requested in capital investment, section 7) needed to implement the fully integrated DHCP hospital information system.

3.c. Most efficient organization (MEO): Increase of $5,000,000

This request will support MEO studies planned for 1987 and should allow continued improvements in productivity in the future.

3.d. Hospital based home care (HBHC): Increases of $915,000 and 20 FTEE

HBHC provides medical care to home bound and other bed bound patients for whom return to an outpatient clinic on a recurring basis is not feasible. The HBHC team provides the patient and care provider with professional supervision and instruction in nursing procedures and daily care. Resources support four additional hospital based home care teams in 1987. This initiative will increase the number of medical centers with HBHC programs from 49 to 53.

3.e. Adult day health care (ADHC): Increase of $4,000,000

The ADHC program provides, in a congregate setting, during normal working hours, health care services including medical, nursing, rehabilitative, social, recreational, and educational services to veterans. The provision of these services enables veterans to be maintained at home in a supportive environment rather than institutionalized in a nursing home or hospital. Currently there are eight ADHC programs operating from VA medical centers. This request provides funding to support contracts with community based ADHC's at 10 VA medical centers in 1987. This will provide the two types of programs (Community and VA Medical Center based) required for evaluation by Public Law 98-160.

3.f. Medical district initiated peer review organization (MEDIPRO): Increases of $3,339,000 and 54 FTEE

The MEDIPRO program will provide continuous monitoring by clinical peers, external to the medical facility, of the quality and appropriateness of care and the validity of resource allocation methodology data. This request will support peer review coordinators and/or clinical evaluators based in medical districts. They will utilize available practitioner-specific data bases to determine thresholds which will, if exceeded, trigger focused clinical reviews by clinical non-physician staff located in the medical district.

4. Education and training programs: Increase of $5,382,000 and decrease of 98 FTEE

The Department of Medicine and Surgery (DM&S) conducts a program of education and training for pre- and post-graduate students in health professions and occupations in order to provide more complete health care services of high quality to veterans, and to assist in the recruitment of an adequate supply of health care providers for the Veterans Administration (VA). The conduct of these education and training programs is based on the premise that:

a. Trainee participation in clinical education activities increases the number of persons available to provide care at the bedside and in clinics;

b. Recruitment and retention of health care professionals improves where there is teaching and the opportunity for continued learning;

c. Medical advances that contribute to high quality patient care are more likely to be available in an academic setting;

d. A questioning attitude between trainee and teacher enhances the quality of care; and,

e. Individuals who complete their training are often recruited into DM&S programs and activities where their prior VA experience enhances their immediate usefulness in patient care.

The Department also provides continuing education and training support for DM&S staff based on the premise that:

a. A crucial ingredient of quality health care is a staff training program designed by DM&S to maintain and upgrade employee knowledge and skills;

b. An effective continuing education program is essential to recruitment and retention of competent DM&S staff; and,

c. Successful implementation of new initiatives such as quality assurance, resource allocation, and treatment for Post Traumatic Stress Disorder is highly dependent on staff training.

Affiliations

The VA is the largest, unified Federal health care delivery and hospital system in the nation and employs more health care providers than any other single system. It is an ideal setting for training. However, the priority is to ensure that this unique educational capability is used to meet the special health care needs of the veteran patient.

The majority of training programs are carried out at VAMC's in affiliation with medical schools, dental schools, nursing schools, and other health manpower training institutions. Some programs are VA-based and designed solely to meet VA needs, such as Prosthetics and Orthotics. Clinical training covers the entire range of health care providers -- physicians, dentists, nurses, other associated health manpower specialists, and hospital administration and management specialists.

In 1985, the VA had affiliations with 101 medical schools, 59 dental schools, and more than 850 other schools. Through these affiliations, over 100,000 students and trainees received training in VAMC's.

Affiliation and cooperative programs are of mutual benefit to DM&S, the academic institutions, individual students and trainees, and the nation. The academic institutions offer assistance to the medical centers (VAMC's) in recruitment and retention of staff, consultation on patient care programs, and actual patient care services due to the "on-the-job" nature of the students clinical training. DM&S provides the affiliated institutions with access to substantial clinical facilities, a broad spectrum of health services programs, and highly trained professional staff.

Trainee stipends and salaries

Medical and dental resident training programs in VA affiliated medical centers are key elements in the delivery of patient care. Through centralized management of the medical resident allocation process, preference is given to programs in areas of special VA needs such as anesthesiology, radiology and psychiatry. For Academic Year 1985-86, 8,000 medical resident positions are budgeted.

The VA also has programs of specialized physician and dental fellowships in areas of special importance to VA patient care needs such as geriatrics, spinal cord injury and substance abuse. The targeted number of positions for fellowships is 105.

Associated health professions training programs also contribute to meeting the needs of VAMC's for the provision of high quality care to veterans and for the recruitment of associated health professions personnel. Various programs have been initiated recently which provide interdisciplinary team training in geriatrics/gerontology, clinical nurse specialist training in high priority areas such as rehabilitation and geriatrics, and summer traineeships at VAMC's which are distant from their university affiliates.

Administrative trainee support is primarily for organized, on-the-job programs for DM&S employees in career fields of importance to the VA health care delivery effort. Trainees in VAMC's specialize in such entry-level management fields as finance, personnel, supply and medical administration. Senior professional staff members such as associate hospital directors and chiefs of staff receive special management training before assignment to key positions.

Continuing Education of VAMC Staff

In 1987, funds from the Postgraduate and Inservice Training Program, MAMOE Appropriation will be transferred to Medical Care appropriation to support continuing education of VAMC staff paid by the Medical Care appropriation. Continuing Education is a fundamental component of quality health care and is, therefore, included as a part of the appropriation intended for the provision of health care to veterans.

Requested funds help meet expenses of employee travel, tuition and activities supporting continuing education. Central Office managers determine system-wide educational priorities; Regional Medical Education Centers (RMECs) organize, plan and conduct regional training; and individual VA facilities meet locally-identified needs. Attention is given to developing comprehensive, coordinated training programs designed to fulfill system-wide priorities such as quality assurance, gerontology/geriatrics, former Prisoners of War, rehabilitation medicine, Vietnam era veterans, female veterans, automated data processing and management. System-wide activities are generally developed and presented in collaboration with the DM&S Continuing Education Center in Washington.

It is axiomatic that an effective continuing education program employs contemporary educational technology for the delivery and presentation of information. Audiovisual support (videotapes, slides, films) is an essential ingredient of nearly every DM&S-produced training experience. The Department's ability to tailor material to its unique training needs has allowed -- in areas amenable to self-instruction -- thousands of staff to receive training without use of travel funds.

In 1987, it is anticipated that VAMC staff will participate in continuing education programs at approximately the same level as in 1986.

SUMMARY OF RESOURCE INCREASES/DECREASES, SECTION 4
(dollars in thousands)

ITEM	FTEE	OBLIGATIONS
Murfreesboro Affiliation................	+ 3	$+ 240
1986 one-time Geriatric initiative adj..	-101	-3,615
Medical admin. and miscellaneous operating expenses appropriation transfer (into misc. benefits)........	...	+8,757
Total................................	- 98	$+5,382

4.a. In 1987, an increase of $240,000 and 3 FTEE are estimated to expand the affiliation with the Murfreesboro VAMC (section 2.a.(1)). A White House task force recommended the expansion of the affiliation between the Murfreesboro VAMC and Meharry Medical College. The 1986 budget included a total of $638,000 to support 29 medical residents. In 1987, a total of 32 medical resident positions will be supported.

4.b. Additional medical resident and associated health trainees were allocated to VAMCs on a temporary basis during 1986 to support an approved geriatric initiative. Funding of $3,615,000 and 101 FTEE is not needed in 1987.

4.c. In addition, $8,757,000 is transferred from the Medical Administration and Miscellaneous Operating Expenses Appropriation (Postgraduate and Inservice Training Program) to Medical Care (Miscellaneous benefits activity) to support continuing education of VAMC staff.

Education and Training activity resource summary

In 1987, a net increase of $6,581,000 and an employment reduction of 98 for trainees and instructors is proposed for education and training activities in the Medical Care appropriation (see the Education and Training, Residency and Other Training Programs resource chart in the Program Summary Data section). Of this, $9,608,000 is due to mandatory pay adjustments reflected in the payroll summary (section 5); $240,000 and 3 FTEE is due to the aforementioned expanded affiliation with the Meharry Medical College; and $1,439,000 and 34 FTEE is due to a program increase. These increases are offset by two decreases: a reduction of additional medical residents and associated health trainees slots allocated to VAMCs on a temporary basis during 1986 ($3,615,000 and 101 FTEE); and, a reduction in instructional support ($1,091,000 and 34 FTEE) associated with a one percent productivity increase (section 1).

5. Payroll for existing employment: Increase of $63,209,000

SUMMARY OF RESOURCE INCREASES/DECREASES, SECTION 5
(dollars in thousands)

Items	Obligations
Within-grade increases	$+47,134
Federal employee compensation payments	+ 7,996
Stipend rate increase	+ 8,714
Medicare tax	+ 5,351
Federal employee health benefits	- 5,986
Total	$+63,209

5.a. An increase of $47,134,000 is estimated to provide for within-grade longevity salary increases as provided by law (sec. 5335, Title 5 U.S.C.). This increase takes into account time lapsed in filling vacancies caused by employee turnover and by Agency personnel management.

5.b. Pursuant to Public Law 86-767, the current estimate for benefit payments made by the Federal Employees Compensation Fund (FECF) (Public Law 86-767) will increase $7,996,000 in 1987 to a level of $69,033,000 for the Medical care appropriation.

5.c. Stipend increases are estimated to be $8,714,000 in 1987. Each year the Veterans Administration (VA) assumes the cost of unavoidable increases in stipends for medical and dental residents. The VA's medical and dental training programs are conducted in affiliation with 101 medical schools and 59 dental schools with approximately one-third of the nation's medical residents obtaining all or part of their clinical experience in VA medical centers (VAMC's). The trainees in these programs rotate between VA and university hospitals during their training. In order to equalize compensation levels, all trainees are paid at the rate of the university or index hospital. Accordingly, when the index hospital stipend rates increase, the VA provides corresponding increments for its portion of the pay cost. The 1987 stipend rate increase represents the estimated increase necessary for the VA to remain an equal partner in its affiliation agreements with medical and dental schools.

5.d. An additional $5,351,000 is estimated for increases in the Government's portion of the Medicare tax, required by Public Law 97-248. The 1987 increase reflects the cumulative impact of a higher salary cap (from $40,200 in 1986 to $42,600 in 1987) and an annualization of the 1986 rate increase (from 1.35 percent to 1.45 percent).

5.e. A reduction to the Federal employee health benefits of $5,986,000 is requested to annualize the Government's share of reduced insurance rates effective January 1, 1986.

6. Cost for inflation and rate changes: Increase of $177,395,000

This increase is for objects of expense other than personal services. Included are cost increases for both Veterans Administration (VA) and non-VA programs.

SUMMARY OF RESOURCE INCREASES, SECTION 6
(dollars in thousands)

Item	Obligations
VA programs:	
Increased cost for inflation..........................	$+117,014
Real property rental rate increases...................	+ 1,241
Subtotal..	+118,255
Non-VA programs (rate increases)........................	+ 59,140
Total...	$+177,395

6.a. VA programs: An additional $118,255,000 is estimated for inflation and higher rates for direct lease space in 1987.

(1) The 1987 request includes $117,014,000 for inflationary increases in non-payroll items. The inflation estimate is based upon the Administration's economic assumptions of the medical Consumer Price Index (CPI) applied to medical non-payroll items and a non-defense CPI applied to non-medical items.

(2) An increase of $1,241,000 is estimated for higher rental rate charges in 1987. Of this increase, $175,000 is for direct lease rate increases and $1,066,000 is for General Service Administration (GSA) rate increases.

6.b. Non-VA programs: Increases totaling $59,140,000 are estimated for rate changes in the following non-VA programs: medical, dental, and prescription fees, $7,493,000; community nursing, $22,051,000; Civilian health and medical program of the VA (CHAMPVA), $12,319,000; and contract hospital, $17,277,000.

7. Maintenance and repair and capital investment: Increase of $72,554,000

When the Veterans Administration (VA) was formed, it obtained many of its facilities by inheritance from other agencies. Additional medical facilities were constructed after World War II. Because the VA is now comprised of many buildings over 30 years old, maintenance needs are increasing dramatically. Past funding levels in the non-recurring maintenance and repair (M&R) program have not allowed the Agency to keep pace with the effects of deterioration and modifications required because of changes in methods of patient care, advances in modern technology, code requirements, Joint Commission on Accreditation of Hospitals (JCAH) standards and energy conservation retrofit projects. An additional influence on the program level and budget is the need to maintain and upgrade building service equipment components and utility systems as part of interior and exterior maintenance projects. It is imperative that aging VA facilities be maintained at a level where accreditation and patient safety are not compromised. The following chart provides a detailed analysis of the resources requested for capital investment in 1987. A discussion of the resource change for each category follows the chart.

SUMMARY OF RESOURCE INCREASES, SECTION 7
(dollars in thousands)

Program	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
a. Object class 31 equipment:			
(1) Replacement equipment:			
Existing facilities	$ 73,446	$ 71,801	$- 1,645
Construction projects	100,000	106,504	+ 6,504
Subtotal	173,446	178,305	+ 4,859
(2) Additional equipment:			
Existing facilities	42,466	69,294	+26,828
Advanced technology medical equipment sharing	10,000	...	-10,000
Education and training	2,000	2,000	...
Other program improvements	1,300	...	- 1,300
Construction projects	68,750	56,259	-12,491
Computerized systems	14,661	38,272	+23,611
Subtotal	139,177	165,825	+26,648
Total object class 31 equipment	312,623	344,130	+31,507
b. Object class 32 lands and structures:			
(1) Replacement building service equipment	23,977	26,140	+ 2,163
(2) Additional building service equipment	13,547	15,708	+ 2,161
(3) Minor improvements	24,670	27,983	+ 3,313
(4) Maintenance and repair (Capitalized)	37,776	57,096	+19,320
Total object class 32 equipment	99,970	126,927	+26,957
c. Maintenance and repair (M&R) (Non-capitalized)	71,800	79,903	+ 8,103
Total capital investment (including facility activations)	484,393	550,960	+66,567
Less: Capital investment for facility activations (see section 8):			
Replacement	-100,000	-106,504	- 6,504
Additional	- 70,000	- 57,509	+12,491
Total object 31 facility activations	-170,000	-164,013	+ 5,987
Total capital investment this section (excludes facility activations)	$314,393	$386,947	$+72,554

7.a. Object class 31 equipment program:

Object class 31 equipment program for the Medical care appropriation activities are identified in two categories: (a) replacement; and (b) additional. Object class 31 equipment is personal property of a durable nature which normally has a useful period of service of at least one year.

(1) Replacement equipment: Replacement equipment levels are determined in accordance with prescribed equipment life expectancy tables and use standards. These criteria require that equipment items be repaired, refinished or refurbished and continued in service as long as economically feasible. The majority of medical equipment should be replaced within 5 to 10 years after being placed in use. In 1987, $178,305,000 is the estimated level for replacement equipment. Of this amount, $106,504,000 is for facility activations (see section 8) and $71,801,000 is for existing facilities. This level will allow the Agency to meet 27.7 percent of the total 1987 equipment replacement estimate. The chart below highlights replacement equipment estimates for 1986 and 1987:

(dollars in thousands)

	1986 Estimate	1987 Estimate
Prior year backlog..	$298,156	$369,813
Current year estimates....................................	+245,103	+273,193
Total...	543,259	643,006
Less: planned obligations.................................	-173,446	-178,305
Total end of year backlog.................................	$369,813	$464,701

(2) Additional equipment: Additional equipment is new equipment at existing medical centers (equipment for new facilities is included in section 8) and is comprised of: (1) equipment for existing medical centers; (2) equipment for education and training; (3) equipment for other program improvements; and (4) equipment for computerized systems. In 1987, $165,825,000 is requested for additional equipment. Of this amount $57,509,000 is for facility activations (see section 8), with the remaining $108,316,000 to be utilized as follows:

(a) $69,294,000 will be utilized for purchasing additional equipment at existing medical centers (VAMC's). This estimate is based upon the need to equip VAMC's concurrent with the implementation of new medical and administrative technology. This funding level will provide limited improvements in the utilization of equipment at existing VAMC's involving functional areas related to the care and treatment of patients. In addition, any analysis of funding levels for replacement and additional equipment must consider the fact that although a piece of equipment may replace another piece of equipment, if the new equipment performs an additional task it is considered additional equipment. Included in this section are resources for the purchase and installation of telephone systems.

(b) Current estimates indicate the additional equipment level for education and training facilities will remain at $2,000,000 in 1987. Equipment in this category includes conference and training equipment at VA Regional Medical Education Centers (RMEC's); patient education programs; microfilm readers/printers to support shared journal acquisition programs; and continuation of the video-notebooking capability recommended by the VA Inspector General.

(c) In 1987, $38,272,000 is requested to support computerized systems equipment acquisitions. This request level is composed of a recurring base of $2,004,000 and includes $1,250,000 to support automated data processing (ADP) equipment acquisitions for facility activations (included in Section 8).

In 1986, capital accounts included $10,000,000 for advanced technology medical equipment sharing (for equipment in excess of $500,000). This pilot program was restricted to VA facilities where other non-federal sources commit to financing at least 50 percent of the acquisition costs. Also included in the 1986 capital accounts was $1,300,000 for other program improvements. In 1987, these 1986 non-recurring purchases have been reduced from the base.

7.b. Object class 32 - lands and structures:

Equipment in this section includes pieces of operating equipment permanently installed in, or attached to, buildings and structures (real property) that make the building safe and suitable for occupancy. A total of $126,927,000 is requested in 1987 as describe below:

(1) Replacement building service equipment: In 1987, $26,140,000 is requested for replacement equipment. Equipment in this category is used to replace items of like capacity and usefulness including boiler plants; electrical and air conditioning equipment; elevators; emergency power generators; pumps; water heaters; etc. This funding level will allow the Agency to meet 13.7 percent of the total 1987 replacement equipment level. The chart below provides an overview of this program:

(dollars in thousands)

	1986 Estimate	1987 Estimate
Prior year backlog..........................	$ 119,477	$ 139,833
Current year estimates......................	+ 44,333	+ 51,500
Total.......................................	163,810	191,333
Less: Planned obligations...................	- 23,977	- 26,140
Total end of year backlog...................	$ 139,833	$ 165,193

(2) Additional building service equipment: Program levels are based on central office review of individual center requests for additional building service equipment items. Improved aseptic and housekeeping techniques require installation of additional sinks, temperature controls, and hot water generators. Increased use of electro-medical equipment requires expansion of electrical systems with manual and automatic controls as well as air conditioning and ventilation equipment, especially at older centers. The 1987 request is $15,708,000.

(3) Minor improvements: The minor improvement program provides for structural changes, additional space, new or expanded utilities, or alterations, modernizations and space utilization changes to buildings, structures or grounds where the improvement costs for each project are less than $100,000. This includes station labor when used, but excludes the cost of installed equipment. A funding level of $27,983,000 in 1987 will provide for the completion of high priority minor improvement projects. This funding level will support the installation of additional equipment and improvements needed to correct code and criteria deficiencies.

(4) Maintenance and repair (M&R) (capitalized): Capitalized M&R projects replace major segments of: interior and exterior utility systems; individual building components (windows, doors, etc.); and patient support and protection systems (sprinkler, air-oxygen, vacuum, etc.). This work adds to the value and extends the useful life of the structure. Because of the number of aging facilities, these projects in many cases are necessary to correct code and "critical operational" deficiencies. The 1987 estimated level for M&R is $57,096,000.

7.c. Maintenance and repair (non-capitalized):

Non-capitalized M&R work is of a sustaining nature to prevent or offset the physical deterioration of real property. Funding for these projects is estimated at $79,903,000 in 1987. These projects do not add to the value of the real property but are necessary to maintain facilities at existing levels.

8. Facility activations: Increases of $62,200,000 and 1,307 FTEE

Facility activations provide operating resources necessary for activating construction projects that are planned for completion and activation during the fiscal year. These resources include staffing, equipment and support to activate all newly constructed Department of Medicine and Surgery (DM&S) projects which have been undertaken with previously appropriated funding in the major and minor construction appropriations and the DM&S maintenance and repair (M&R) program. Facilities to be activated include replacement hospitals, nursing homes, outpatient clinics, environmental and general projects, clinical improvements, other major and minor expansions, renovations of space and building systems and projects relating to the DM&S M&R program.

Resources are planned to provide appropriate operating requirements for the projects to become functional. These resources are necessary to meet the VA's goals of quality care for veterans, including patient privacy, and to provide support that permits newly activated facilities to operate under changing guidelines set forth by other regulating authorities such as the Joint Commission on Accreditation of Hospitals (JCAH) and life safety codes.

Activated projects increase the quality of patient care by providing improved or expanded operational capabilities. Many projects include additional or expansion of sophisticated specialized services and new high technology treatment modalities and equipment, requiring initial staffing, to improve the timeliness and quality of patient care. These projects may involve construction of new space and include workload increases such as outpatient visits and expanded clinical support services. Additional staffing is also necessary to support new systems (engineering systems such as centralized air conditioning, 24-hour building service systems monitoring, vertical and horizontal transportation systems, etc.), maintenance of the most current technical medical equipment and increased environmental maintenance. Some scheduled activation projects, which do not require additional staffing, are not included in the facility activation estimates.

ANALYSIS OF TOTAL FACILITY ACTIVATIONS, SECTION 8
(dollars in thousands)

Activations	FTEE	Obligations
Total facility activation estimates in 1987 based on current activation schedules....................	+1,978	$+290,638
Less: Estimated 1987 slippage or estimated savings associated with unidentified delays that are expected to occur in activation schedules........................	- 671	- 58,438
Total facility activations requested......................	+1,307	+232,200
Less: Non-recurring equipment level in 1986..............	...	-170,000
Total increase requested in this section..................	+1,307	$+ 62,200

The requested resource increase for facility activations is distributed in the following chart:

FACILITY ACTIVATIONS
(dollars in thousands)

Activations	FTEE	Obligations
a. Increased medical and support services:		
(1) Replacement and modernization, including annualization of 1986 activations......................	+ 601	$+ 41,173
(2) General projects, including annualization of 1986 activations..	+ 82	+ 4,955
(3) Outpatient clinics and ambulatory care improvements including annualization of 1986 activations....	+ 180	+ 10,424
(4) Nursing homes, including annualization of 1986 activations..	+ 530	+ 24,316
(5) Domiciliaries, including annualization of 1986 activations..	+ 23	+ 826
(6) Other facility improvements, including annualization of 1986 activations........................	+ 562	+ 16,906
Subtotal requests..............................	+1,978	+ 98,600
(7) Less: slippage to non-equipment accounts (unidentified schedule delays).................	- 671	- 30,413
Subtotal requests..............................	+1,307	+ 68,187
b. Capital investment:		
(1) Equipment requirements...........................	...	+192,038
(2) Less: slippage associated with unidentified schedule delays..................................	...	- 28,025
(3) Less: non-recurring equipment level in 1986.....	...	-170,000
Subtotal requests..............................	...	- 5,987
Total additional activations in 1987....................	+1,307	$+ 62,200

8.a. Increased medical and support services associated with new activations are estimated at $68,187,000 and 1,307 FTEE.

(1) Replacement and modernization estimates of $41,173,000 and 601 FTEE. These resources will provide partial year funding for the activation estimates for a replacement hospital at the Veterans Administration Medical Centers (VAMCs) (Portland, OR, Minneapolis, MN and Augusta, GA), provide for replacement and modernization of clinical services (Biloxi, MS, Philadelphia, PA, and San Francisco, CA.) and expansion of clinical outpatient and administrative facilities at New Orleans, LA. These projects, along with annualization of 1986 projects, will provide an increased patient workload of 127 census, 3,925 patients treated and 50,121 outpatient visits distributed as shown in the table below.

REPLACEMENT AND MODERNIZATION
(dollars in thousands)

Facility	Census	Pats. Treated	Visits	FTEE	Obligations
Augusta, GA.........	...	...	...	...	$+ 45
Biloxi, MS..........	...	...	...	+ 24	+ 932
Minneapolis, MN....	...	...	...	+140	+15,800
New Orleans, LA....	...	...	+ 5,971	+ 36	+ 3,198
Philadelphia, PA...	...	...	...	...	+ 1,192
Portland, OR........	+ 48	+1,970	+ 5,750	+224	+12,288
San Francisco, CA..	...	...	...	...	+ 282
Subtotal.........	+ 48	+1,970	+11,721	+424	+33,737
Annualization of 1986 Projects....	+ 79	+1,955	+38,400	+177	+ 7,436
Total............	+127	+3,925	+50,121	+601	$+41,173

(2) General project activations estimates are $4,955,000 and 82 FTEE.

These projects include remodeling and renovation of various hospital areas (including patient wards).

(3) Outpatient clinics and ambulatory care improvement estimates are $10,424,000 and 180 FTEE.

These projects will increase outpatient visits by 61,688. Further detail of this outpatient requirement is shown in the chart below.

AMBULATORY CARE IMPROVEMENTS
(dollars in thousands)

Item	Visits	FTEE	Oblig.
Satellite Outpatient Clinics:			
Charleston, SC (Savannah)......	...	+ 6	$+ 536
Chicago (LS), IL (Crown Point)......................	...	...	+ 240
Marion, IL (Relocate Evansville)......................	+ 1,263	+ 7	+ 249
Ambulatory Care Improvements.....	+60,425	+167	+ 9,399
Total........................	+61,688	+180	$+10,424

(4) VA nursing home activation estimates are $24,316,000 and 530 FTEE.

The 1987 funding request will provide partial year support for 12 nursing home construction projects and one 1986 activation annualized in 1987. Two of these are 240 bed projects, nine are 120 bed, and one each 117 bed and 60 bed projects. These projects will add 267 census during 1987.

(5) VA domiciliary replacement and modernization estimates are $826,000 and 23 FTEE.

These resources will provide the annualized 1986 support requirements for renovation of the VA domiciliary at Bath, NY, and replacement of a 200-bed domiciliary at Hampton, VA. In addition to improving the facilities for domiciliary patients, the construction projects will provide for 27 additional census.

(6) Other facility improvement estimates are $16,906,000 and 562 FTEE.

Other facility improvements for 1987 include clinical additions and improvements along with safety hazard and environmental corrections which affect patient treatment areas. Workload related improvements costing $12,074,000 and 243 FTEE will result in an outpatient workload increase of 17,887 outpatient visits. The remaining $4,832,000 and 319 FTEE are for building management, engineering, supplies and materials, medical administration and other support necessary to activate non-workload related projects during 1987 as well as resources required in 1987 for 1986 slippages. The chart below distributes the workload and non-workload related projects.

OTHER NEW FACILITIES
(dollars in thousands)

Programs	Census	Pats Trtd	Visits	FTEE	Obligations
Workload related:					
New clinical improvements...	+ 6	+177	+ 4,637	+214	$+10,810
Annualized clinical impr....	...	...	+ 8,942	+ 29	+ 1,224
Safety & environmental......	- 15	- 23	+ 4,298	...	+ 40
Subtotal wkld. related....	- 9	+154	+17,877	+243	$+12,074

OTHER NEW FACILITES (continued)
(dollars in thousands)

	Projects	FTEE	Obligations
Non-workload related:			
Non-recurring maintenance and repair	1,250	...	$+ 2,280
Minor miscellaneous construction	188	...	+ 2,660
Research and education	8	+ 5	+ 289
Clinical improvements	43	+185	+13,316
Elevators	4	+ 5	+ 410
Electrical deficiency corrections	4	+ 2	+ 80
Safety hazard corrections	11	+ 12	+ 1,111
Environmental	6	+ 42	+ 2,498
Heat, ventilation and air conditioning	2	+ 32	+ 2,126
Restoration of 1986 slippage	...	+ 36	+ 7,245
Offset of 1986 one-time costs	...	...	-27,183
Subtotal - non-workload related		+319	+ 4,832
Total - Other new facilities		+562	$+16,906

(7) Slippage to non-equipment accounts (unidentified schedule delays) is $30,413,000 and 671 FTEE

Estimated 1987 slippages to non-equipment accounts is $30,413,000 and 671 FTEE.

8.b. Capital investment (equipment) associated with construction projects are estimated at $164,013,000.

OBJECT CLASS 31 EQUIPMENT FOR CONSTRUCTION PROJECTS
(dollars in thousands)

Object class 31 equipment	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Replacement	$100,000	$106,504	$+ 6,504
Additional	70,000	57,509	-12,491
Total	$170,000	$164,013	$- 5,987

Total estimates for replacement and additional equipment associated with major and minor construction projects have been adjusted for unidentified schedule delays impacting the level of resources requested (total estimates of $192,038,000 less $28,025,000 slippage totaling $164,013,000). Current procedures for financing object class 31 initial portable and fixed operating equipment require medical center directors to develop, from approved architectural specifications and working drawings, replacement and additional equipment requirements for construction projects taking into account (a) equipment items already on hand that can be continued in use and (b) those items whose useful lives have expired and are to be replaced. Construction projects are estimated at $164,013,000 for replacement and additional equipment in 1987. Included in additional equipment is $1,250,000 for ADP systems.

MEDICAL CARE

EMPLOYMENT ANALYSIS

FTEE by type	1985 Actual	1986 Budget	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Nurses	33,467	32,956	33,363	32,060	-1,303
Dentists	1,038	1,058	1,035	995	- 40
Physicians	12,206	12,261	12,168	11,693	- 475
Psychologists	1,448	1,458	1,443	1,387	- 56
Wage board	34,858	34,744	34,749	33,392	-1,357
Purchase and hire	137	159	137	132	- 5
Other personnel	110,674	110,009	110,329	106,021	-4,308
Total, net	193,828	192,645	193,224	185,680	-7,544
Less, common services	- 599	- 597	- 589	- 587	+ 2
Total, jurisdictional	193,229	192,048	192,635	185,093	-7,542

FTEE by activity	1985 Actual	1986 Budget	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Medical bed sections	58,366	59,118	57,376	54,360	-3,016
Surgical bed sections	35,303	34,560	34,742	32,138	-2,604
Psychiatric bed sections	31,754	32,555	31,284	29,849	-1,435
Intermediate bed sections	15,319	14,393	15,746	16,561	+ 815
VA hospitals	140,742	140,626	139,148	132,908	-6,240
VA nursing homes	12,137	13,129	13,388	14,000	+ 612
VA domiciliaries	2,414	2,283	2,471	2,487	+ 16
Outpatient programs	32,551	31,791	32,333	30,362	-1,971
Miscellaneous benefits and services	5,042	3,942	4,958	4,991	+ 33
Non-VA programs support	942	874	926	932	+ 6
Total, net	193,828	192,645	193,224	185,680	-7,544
Less, common services	- 599	- 597	- 589	- 587	+ 2
Total, jurisdictional	193,229	192,048	192,635	185,093	-7,542
Included above: (Education and training support)	(9,073)	(9,137)	(9,135)	(9,091)	(- 44)

COMPARATIVE EMPLOYMENT RATIOS

	1985 Actual	1986 Budget	 Estimate	1987 Estimate	Increase (+) Decrease (-)
Staffing ratios (FTEE/Census):					
Medical bed sections........	2.80	2.68	2.84	2.86	+ .02
Surgical bed sections.......	3.28	3.00	3.39	3.44	+ .05
Psychiatric bed sections....	1.76	1.69	1.79	1.81	+ .02
Intermediate bed sections...	1.59	1.53	1.61	1.63	+ .02
VA hospitals............	2.37	2.26	2.41	2.42	+ .01
VA nursing homes............	1.27	1.21	1.26	1.28	+ .02
VA domiciliaries............	.40	.38	.40	.40	...
FTEE/1000 patients treated:					
Medical bed sections........	76	79	75	74	- 1
Surgical bed sections.......	109	106	109	109	...
Psychiatric bed sections....	173	186	166	165	- 1
Intermediate bed sections...	459	517	450	449	- 1
VA hospitals............	108	110	107	107	...
VA nursing homes............	594	657	622	628	+ 6
VA domiciliaries............	184	187	186	186	...

PAYROLL ANALYSIS

Year	Personal Services (dollars in thousands)	Personal Services per net FTEE
1977............................	$2,947,007	$16,671
1978............................	3,301,833	17,856
1979............................	3,482,600	19,162
1980............................	3,870,435	20,843
1981............................	4,288,337	23,197
1982............................	4,617,929	24,716
1983............................	5,016,477	26,583
1984............................	5,275,245	27,697
1985............................	5,615,266	28,970
1986 Est........................	5,738,988	29,701
1987 Est........................	5,518,012	29,718

MEDICAL CARE

PROGRAM SUMMARIES

NUMBER OF INSTALLATIONS

	1985	1986		1987	Increase(+)
	Actual	Budget	Estimate	Estimate	Decrease(-)
VA hospitals...........	172	172	172	172	...
VA nursing homes........	115	116	117	119	+ 2
VA domiciliaries.......	16	16	16	16	...
Outpatient clinics.....	226	228	228	228	...

SUMMARY OF INPATIENT WORKLOADS AND WORKLOAD INDICATORS

	1985	1986		1987	Increase(+)
	Actual	Budget	Estimate	Estimate	Decrease(-)
Medical bed sections:					
Avg. operating beds...	27,849	27,971	27,178	25,888	- 1,290
End point oper. beds..	27,670	27,949	26,999	25,518	- 1,481
Census................	20,840	22,051	20,187	18,980	- 1,207
Occupancy rate........	74.8	78.5	74.3	73.3	- 1.0
Length of stay........	10.9	12.1	10.5	10.3	- .2
Patients treated......	764,511	751,515	764,511	735,178	-29,333
Surgical bed sections:					
Avg. operating beds...	15,952	15,668	15,310	14,164	- 1,146
End point oper. beds..	15,803	15,628	15,161	13,832	- 1,329
Census................	10,756	11,506	10,240	9,351	- 889
Occupancy rate........	67.4	73.4	66.9	66.0	- .9
Length of stay........	13.0	14.1	12.6	12.4	- .2
Patients treated......	324,162	325,529	318,042	295,133	-22,909
Psychiatric bed sections:					
Avg. operating beds...	23,066	23,048	22,449	21,490	- 959
End point oper. beds..	22,728	23,018	22,280	21,227	- 1,053
Census................	18,092	19,301	17,463	16,501	- 962
Occupancy rate........	78.4	83.5	77.8	76.8	- 1.0
Length of stay........	43.2	47.2	40.6	39.9	- .7
Patients treated......	183,667	175,498	188,130	180,464	- 7,666
Intermediate bed sections:					
Avg. operating beds...	11,490	10,950	12,127	12,788	+ 661
End point oper. beds..	12,027	11,000	12,227	12,973	+ 746
Census................	9,622	9,438	9,772	10,172	+ 400
Occupancy rate........	83.7	87.8	80.6	79.5	- 1.1
Length of stay........	201.1	216.7	185.7	182.6	- 3.1
Patients treated......	33,362	27,837	35,019	36,892	+ 1,873
Subtotal VA hospitals:					
Avg. operating beds...	78,357	77,637	77,064	74,330	- 2,734
End point oper. beds..	78,228	77,595	76,667	73,550	- 3,117
Census................	59,310	62,296	57,662	55,004	- 2,658
Occupancy rate........	75.7	80.2	74.8	74.0	- .8
Length of stay........	19.2	20.2	18.7	18.7	...
Patients treated........	1,305,702	1,280,379	1,305,702	1,247,667	-58,035
Admissions..............	1,249,374	1,218,083	1,248,713	1,193,321	-55,392

SUMMARY OF INPATIENT WORKLOADS AND WORKLOAD INDICATORS (Continued)

	1985 Actual	1986 Budget	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
VA nursing homes:					
Avg. operating beds...	10,399	11,467	11,242	11,678	+ 436
End point oper. beds..	11,012	11,567	11,412	12,028	+ 616
Census................	9,556	10,841	10,592	10,972	+ 380
Occupancy rate........	91.9	94.5	94.2	94.0	- .2
Length of stay........	365.1	410.7	365.0	365.0	...
Patients treated......	20,442	19,994	21,523	22,296	+ 773
VA domiciliaries:					
Avg. operating beds...	7,462	7,443	7,016	7,050	+ 34
End point oper. beds..	7,005	7,443	6,975	7,124	+ 149
Census................	5,979	6,023	6,218	6,245	+ 27
Occupancy rate........	80.1	80.9	88.6	88.6	...
Length of stay........	392.7	438.0	390.0	390.0	...
Patients treated......	13,126	12,239	13,307	13,364	+ 57
Total VA facilities:					
Avg. operating beds...	96,218	96,547	95,322	93,058	- 2,264
End point oper. beds..	96,245	96,605	95,054	92,702	- 2,352
Census................	74,845	79,160	74,472	72,221	- 2,251
Occupancy rate........	77.8	82.0	78.1	77.6	- .5
Length of stay........	23.9	25.2	23.8	24.1	+ .3
Patients treated......	1,339,270	1,312,612	1,340,532	1,283,327	-57,205
Contract hospitals:					
Census................	948	986	794	735	- 59
Length of stay........	16.5	12.4	16.5	16.5	...
Patients treated......	31,307	30,211	26,339	24,437	- 1,962
Community nursing homes:					
Census................	11,444	11,439	11,731	12,019	+ 288
Length of stay........	141.1	140.0	140.0	140.0	...
Patients treated......	38,907	37,999	38,969	39,926	+ 957
State home domiciliaries:					
Census................	4,334	4,717	4,516	4,584	+ 68
Length of stay........	387.2	377.6	387.0	387.0	...
Patients treated......	8,440	9,276	8,775	8,908	+ 133
State home nursing care:					
Census................	7,846	8,818	8,434	8,836	+ 402
Length of stay........	514.9	530.0	524.0	524.0	...
Patients treated......	13,540	14,891	14,309	14,991	+ 682
State home hospitals:					
Census................	498	516	512	517	+ 5
Length of stay........	52.3	48.4	50.0	50.0	...
Patients treated......	3,991	4,405	4,250	4,291	+ 41

SUMMARY OF INPATIENT WORKLOADS AND WORKLOAD INDICATORS (Continued)

	1985 Actual	1986 Budget	 Estimate	1987 Estimate	Increase(+) Decrease(-)
Total non-VA:					
Census..................	25,070	26,476	25,987	26,691	+ 704
Patients treated........	96,185	96,782	92,702	92,553	- 149
Total VA and non-VA:					
Census..................	99,915	105,636	100,459	98,912	- 1,547
Patients treated........	1,435,455	1,409,394	1,433,234	1,375,880	-57,354

MEDICAL OUTPATIENT VISITS BY TYPE - STAFF AND FEE
(visits in thousands)

Compensation & pension:					
Staff....................	268	276	268	251	- 17
Fee......................	118	90	130	130	...
Total....................	386	366	398	381	- 17
Eligibility examinations:					
Staff....................	2,495	2,658	2,495	2,339	- 156
Fee......................	12	3	12	12	...
Total....................	2,507	2,661	2,507	2,351	- 156
All other:					
Staff....................	15,027	14,221	15,027	14,086	- 941
Fee......................	1,666	1,549	1,746	1,746	...
Total....................	16,693	15,770	16,773	15,832	- 941
Total visits:					
Staff....................	17,790	17,155	17,790	16,676	- 1,114
Fee......................	1,796	1,642	1,888	1,888	...
Total....................	19,586	18,797	19,678	18,564	- 1,114

STAFF AND FEE OUTPATIENT DENTAL PROGRAM

Staff examinations........	165,306	121,000	190,000	190,000	...
Staff treatments..........	172,408	196,000	180,000	180,000	...
Fee cases.................	22,588	22,000	22,000	22,000	...

CHAMPVA WORKLOADS

Inpatient census..........	382	363	329	382	+ 53
Outpatient fee visits.....	305,368	145,000	251,956	292,576	+40,620

SUMMARY OF OBLIGATIONS BY ACTIVITY
(dollars in thousands)

Activity	1985 Actual	1986 Budget	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Medical bed sections.....	$2,348,568	$2,479,432	$2,391,305	$2,322,472	$- 68,833
Surgical bed sections....	1,486,874	1,498,462	1,529,052	1,460,952	- 68,100
Psychiatric bed sections.	1,080,223	1,204,940	1,079,308	1,046,050	- 33,258
Intermediate bed sections	475,249	479,115	502,987	538,674	+ 35,687
VA hospitals.........	5,390,914	5,661,949	5,502,652	5,368,148	-134,504
VA nursing homes.........	390,432	451,171	440,112	480,721	+ 40,609
VA domiciliaries.........	95,198	99,914	101,460	105,113	+ 3,653
Outpatient care..........	1,686,184	1,755,881	1,776,025	1,739,317	- 36,708
Misc. benefits and svcs..	345,617	312,833	349,914	279,152	- 70,762
Education and training...	465,190	495,225	484,512	496,762	+ 12,250
VA facilities........	8,373,535	8,776,973	8,654,675	8,469,213	-185,462
Contract hospitals.......	144,333	135,524	142,975	167,528	+ 24,553
State home hospitals.....	3,686	3,565	3,423	3,465	+ 42
Community nursing homes..	268,936	296,934	294,637	324,284	+ 29,647
State home nursing.......	50,217	56,892	54,434	56,960	+ 2,526
State home domiciliaries.	13,045	13,921	13,247	13,437	+ 190
CHAMPVA..................	82,522	74,165	81,697	109,096	+ 27,399
(Inpatient)...........	(59,495)	(50,414)	(58,900)	(78,653)	(+ 19,753)
(Outpatient)..........	(23,027)	(23,751)	(22,797)	(30,443)	(+ 7,646)
Non-VA facilities....	562,739	581,001	590,413	674,770	+ 84,357
Total obligations........	8,936,274	9,357,974	9,245,088	9,143,983	-101,105
Less reimbursements......	- 55,621	- 65,000	- 60,000	- 60,000	...
Unobligated balance available:					
Start of Year........	...	...	- 55,272	...	+ 55,272
End of Year..........	55,272	...	...	...	...
Reduction in new spending authority (offsetting collections).......	...	...	321	...	- 321
Lapse....................	5,245	...	...	...	...
Total budget authority...	$8,941,169	$9,292,974	$9,130,137	$9,083,983	$- 46,154

PATIENT OBLIGATION DATA

Activity	1985 Actual	1986 Budget	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Average obligation/patient day:					
Medical bed sections......	$308.75	$308.06	$324.54	$335.24	$+ 10.70
Surgical bed sections.....	378.73	356.80	409.10	428.04	+ 18.94
Psychiatric bed sections..	163.58	171.04	169.33	173.68	+ 4.35
Intermediate bed sections.	135.32	139.08	141.02	145.09	+ 4.07
VA hospitals..........	249.02	249.01	261.45	267.39	+ 5.94
VA nursing homes..........	111.94	114.02	113.84	120.04	+ 6.20
VA domiciliaries..........	43.62	45.45	44.70	46.11	+ 1.41
Contract hospitals........	404.33	362.33	477.52	607.40	+129.88
Community nursing homes...	59.87	66.69	64.38	69.53	+ 5.15
State home domiciliaries..	7.30	7.30	7.30	7.30	...
State home nursing........	17.05	17.05	17.05	17.05	...
State home hospitals......	15.25	15.25	15.25	15.25	...
Obligation/patient treated:					
Medical bed sections......	$3,072	$3,299	$3,128	$3,159	$+ 31
Surgical bed sections.....	4,587	4,603	4,808	4,950	+ 142
Psychiatric bed sections..	5,881	6,866	5,737	5,796	+ 59
Intermediate bed sections.	14,245	17,211	14,363	14,601	+ 238
VA hospitals..........	4,129	4,422	4,214	4,303	+ 89
VA nursing homes..........	19,100	22,565	20,448	21,561	+ 1,113
VA domiciliaries..........	7,253	8,164	7,625	7,865	+ 240
Contract hospitals........	4,467	4,316	5,245	6,668	+ 1,423
Community nursing homes...	6,428	7,328	7,074	7,640	+ 566
State home domiciliaries..	1,403	1,355	1,371	1,371	...
State home nursing........	3,566	3,685	3,668	3,668	...
State home hospitals......	781	652	670	671	+ 1

OBLIGATIONS BY OBJECT
(dollars in thousands)

Object	1985 Actual	1986 Budget	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
10 Personal services and benefits:					
Nurses................	$1,108,418	$1,138,235	$1,136,104	$1,090,165	$- 45,939
Dentists...............	70,824	75,227	74,334	71,328	- 3,006
Physicians............	948,286	1,001,045	973,110	933,762	- 39,348
Psychologists.........	69,748	73,275	71,693	68,794	- 2,899
Wage rate.............	801,510	840,968	820,349	787,178	- 33,171
Purchase and hire....	4,503	5,177	4,589	4,403	- 186
Other personnel......	2,530,183	2,619,602	2,571,373	2,467,693	-103,680
Sub-real estate, etc.	16,710	9,781	18,380	17,637	- 743
Employee comp. payment	65,084	70,520	69,056	77,052	+ 7,996
Subtotal...........	5,615,266	5,833,830	5,738,988	5,518,012	-220,976
21 Travel and transportation of persons:					
Employee.............	8,848	10,054	10,054	17,787	+ 7,733
Beneficiary...........	98,284	103,500	103,500	10,000	- 93,500
Interagency mot. pool	6,850	8,025	7,248	7,615	+ 367
Other.................	1,194	1,463	1,252	1,396	+ 144
Subtotal...........	115,176	123,042	122,054	36,798	- 85,256
22 Transportation of things:					
Shipment of household goods...............	6,229	6,017	6,767	7,985	+ 1,218
Other transportation.	12,918	13,725	13,725	15,475	+ 1,750
Subtotal...........	19,147	19,742	20,492	23,460	+ 2,968
23 Communications, utilities, and other rent:					
Motion picture film..	132	140	140	140	...
Rental of equipment..	17,182	16,670	19,557	20,162	+ 605
Communications.......	94,388	104,256	98,102	98,107	+ 5
Utilities.............	203,135	221,767	210,055	215,306	+ 5,251
GSA basic space rental (SLUC).......	14,211	15,228	15,227	16,672	+ 1,445
Other real property rental.............	16,397	20,549	20,584	22,854	+ 2,270
Subtotal...........	345,446	378,610	363,665	373,241	+ 9,576
24 Printing and reproduction.........	8,171	9,359	8,609	9,060	+ 451
25 Other services:					
Outpatient dental fees................	12,639	12,569	12,569	13,405	+ 836
Medical and nursing fees................	139,176	159,879	145,135	151,554	+ 6,419
Repairs to furniture and equipment......	53,565	51,268	60,724	66,068	+ 5,344
M&R contractual services...........	57,913	93,796	61,751	66,433	+ 4,682
Incentive therapy....	5,033	5,476	5,102	5,100	- 2
Contract hospitalization............	139,860	130,399	138,461	162,958	+ 24,497
Community nursing homes...............	250,094	278,446	275,662	305,021	+ 29,359
Repairs to prosthetic appliances..	8,915	9,653	9,396	9,391	- 5
Other contractual services...........	266,965	269,620	279,796	286,871	+ 7,075
CHAMPVA...............	82,522	74,165	81,697	109,096	+ 27,399
Subtotal...........	1,016,683	1,085,271	1,070,293	1,175,897	+105,604

OBLIGATIONS BY OBJECT (Continued)
(dollars in thousands)

	1985	1986		1987	Increase (+)
Object	Actual	Budget	Estimate	Estimate	Decrease (-)
26 Supplies and materials:					
Provisions...........	$ 95,634	$ 105,455	$ 96,455	$ 94,805	$- 1,650
Drugs and medicines..	508,378	538,664	550,005	559,113	+ 9,108
Blood and blood products...........	28,347	32,072	30,072	30,974	+ 902
Medical and dental supplies...........	344,265	351,429	365,921	371,813	+ 5,892
Fuels................	18,038	22,887	19,887	21,166	+ 1,279
Operating supplies...	130,202	125,128	139,967	142,297	+ 2,330
M&R supplies.........	72,817	75,844	77,344	82,486	+ 5,142
Linens & uniforms....	33,732	32,743	34,424	35,104	+ 680
Office supplies......	30,120	32,416	30,735	31,205	+ 470
Prosthetic appliances	88,642	91,216	92,216	93,176	+ 960
Fee prescriptions....	4,212	5,000	4,000	4,238	+ 238
Subtotal...........	1,354,386	1,412,854	1,441,026	1,466,377	+ 25,351
31 Equipment:					
Replacement..........	142,812	161,801	173,446	178,305	+ 4,859
Additional...........	152,885	143,177	139,177	165,825	+ 26,648
Subtotal...........	295,697	304,978	312,623	344,130	+ 31,507
32 Lands and structures:					
Replacement..........	15,484	25,310	23,977	26,140	+ 2,163
Additional...........	8,042	14,000	13,547	15,708	+ 2,161
Minor improvements...	24,655	30,500	24,670	27,983	+ 3,313
M & R (capitalized)..	54,884	50,160	37,776	57,096	+ 19,320
Subtotal...........	103,064	119,970	99,970	126,927	+ 26,957
41 Grants, subsidies and contributions........	63,238	70,318	67,368	70,081	+ 2,713
Total obligations......	$8,936,274	$9,357,974	$9,245,088	$9,143,983	$-101,105

EDUCATION AND TRAINING

RESIDENCY AND OTHER TRAINING PROGRAMS

(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average employment (FTEE):					
Medical residents 1/...	2,900	2,967	2,935	2,900	- 35
Specialized fellows....	90	96	105	105	...
Dental residents 1/....	151	157	150	150	...
Associated health trainees	666	763	763	700	- 63
Administrative trainees	250	271	271	271	...
Subtotal trainees....	4,057	4,254	4,224	4,126	- 98
VAMC instructional support..............	3,356	3,178	3,322	3,322	...
Total average employment.	7,413	7,432	7,546	7,448	- 98
Obligations:					
Medical residents......	$204,063	$217,339	$219,968	$225,937	$+ 5,969
Specialized fellows....	4,673	4,917	4,917	4,917	...
Dental residents.......	8,689	9,223	9,223	9,579	+ 356
Associated health trainee..............	11,240	11,847	12,833	11,847	- 986
Administrative trainees	6,587	6,977	6,977	6,977	...
Subtotal.............	235,252	250,303	253,918	259,257	+ 5,339
VAMC instructional support..............	139,264	130,167	140,483	141,725	+ 1,242
Total obligations........	$374,516	$380,470	$394,401	$400,982	$+ 6,581
Number of health professional trainees:					
Medical residents......	27,410	27,416	27,816	27,419	- 397
Medical students.......	22,350	22,350	22,350	22,350	...
Dental residents.......	915	915	915	915	...
Dental students........	825	825	825	825	...
Nursing................	27,400	27,400	27,400	27,400	...
Associated health professions and occupations..........	21,450	21,450	21,680	21,450	- 230
Administrative.........	625	625	625	625	...
Total estimated number of trainees............	100,975	100,981	101,611	100,984	- 627
Percentage of health profession trainees "participating on a without pay basis"...	80%	80%	80%	80%	...
Continuing Education of VAMC Staff:					
Obligations 2/.........	...	...	...	$ 8,757	$+ 8,757
Participants...........	...	...	...	157,550	+157,550

1/ Physician and dentist house staff average employment (FTEE) is only the net FTEE required for house staff who are paid stipends directly by the Veterans Administration; it excludes approximately 2,000 house staff paid under disbursement agreements (contracts) as authorized by the provisions of Section 4114(b) (3) of Title 38, United States Code.

2/ These resources are transferred from the Medical Administration and Miscellaneous Operating Expenses appropriation (Postgraduate and Inservice Training program) and appear in the Miscellaneous benefits activity.

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MEDICAL AND PROSTHETIC RESEARCH

APPROPRIATION LANGUAGE

For necessary expenses in carrying out programs of medical and prosthetic research and development, as authorized by law, to remain available until September 30, [1987, $191,370,000] 1988, $188,915,000, plus reimbursements.
[Sec. 416. Notwithstanding any other provision of this Act, amounts otherwise provided by this Act for the following accounts and activities are reduced by the following amounts:]
["Medical and prosthetic research", $2,105,070;]

EXPLANATION OF LANGUAGE CHANGE

The language added to the 1986 Department of Housing and Urban Development - Independent Agencies Act to reduce the appropriation by 1.1 percent is deleted.

PROGRAM DESCRIPTION

Medical and prosthetic research programs have played a significant role in the Veterans Administration's (VA) effort to fulfill the mission assigned to it by Congress. Through the years, VA clinical investigators, research scientists and rehabilitation specialists have produced results that have significantly improved the quality of medical and rehabilitative care benefitting American veterans and other patients throughout the U.S. and the world.

This appropriation provides funding for program activities in the following areas:

Medical research: Efforts in this area fall into two broad categories: research on medical, dental and psychiatric problems that are specific to the veteran population (spinal cord injury, Agent Orange, etc.); and research on general health problems that are particularly prevalent among veterans (e.g., alcoholism, aging and schizophrenia). Most of the investigators are VA clinicians and the close links between the research and patient care functions give the research program a clinical orientation that is directly related to its goal of providing quality medical care to the veteran patient.

Rehabilitation research: This program focuses directly on the needs of the veteran who is functionally impaired as a result of amputation, paralysis or the loss or impairment of his or her vision, hearing or speech. The latest computer and other technological advances are used to develop devices, techniques and concepts in rehabilitation that will minimize the disability and promote functional independence among disabled veterans.

Health services research: The goal of this research is to improve the effectiveness and efficiency of the Veterans Administration's health care delivery system. Health services researchers develop and disseminate information designed to help clinicians, investigators and administrators select medical interventions and administrative actions that are most appropriate to the Agency's mission: the provision of quality medical care services to the veteran patient.

PROGRAM HIGHLIGHTS

Awards and Honors

Research and development continues to demonstrate its valuable contribution to the VA's effort to meet the challenging and health care needs of U.S. veterans. For almost 40 years, VA clinical and research investigators have addressed the health care problems affecting veterans and their solutions have contributed to the advancement of health care not only within the VA hospital system but throughout the United States and in other countries as well.

As it has in the past, the medical and scientific community paid tribute to the work of many VA investigators with a variety of honors and awards. They include:

The Middleton Award

The William S. Middleton Award, the highest award given by the VA for achievement in biomedical research was awarded to Kosaku Uyeda, Ph.D., of the VA Medical Center, Dallas, TX, in recognition of his discoveries related to the enzymes that control glucose metabolism in mammals. Dr. Uyeda's work has important implications for future diabetes research.

National Awards:

Ernest Burgess, M.D., of the Seattle VA Medical Center received the VA's Olin Teague Award for service to veterans with service connected injuries and for his key role in the development of the revolutionary Seattle Foot.

Howard H. Chauncey, Ph.D., D.M.D., of the Boston, MA, VA Outpatient Clinic, received the Carl A. Schlack Award for outstanding contributions to dental education and research. The award is given by the Association of Military Surgeons. Dr. Chauncey is conducting a long term study of oral health among veterans.

Margaret Gianni, M.D., Director, Rehabilitation Research and Development and VA Administrator Harry Walters were among 13 recipients of the first Presidential Award for Design Excellence for their support of the Seattle Foot project.

Ludwik Gross, M.D., Chief, Cancer Research Unit, Bronx VA Medical Center, received the Memorial Sloan-Kettering Cancer Center's Katharine Berkan Judd Award as one of the investigators "who have made the greatest advancement toward the discovery of the cure for cancer." Recently, the discoverer of the AIDS virus said his work was built on the original discoveries of Dr. Gross.

Leo E. Hollister, M.D., of the Palo Alto, CA VAMC, was honored by the American College of Physicians with the William C. Menninger Award, in recognition of his pioneering achievements in the use of therapeutic drugs in mental illness.

Abba J. Kastin, M.D., Chief of Endocrinology at the New Orleans, LA, VA Medical Center, received an honorary doctorate in science from the University of New Orleans. Only the fifth honorary degree bestowed by the University, the award honored Dr. Kastin's pioneering work in the field of brain peptides.

Richard N. Lolley, Ph.D. of the Sepulveda, CA, VA Medical Center, was awarded the Jules Stein Living Tribute Award by Retinitis Pigmentosa International for his achievements in the field of vision research.

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major programs:				
Medical research..............	$170,983	$159,324	$164,369	$+ 5,045
Rehabilitation research.......	15,277	15,345	16,537	+ 1,192
Health services research......	6,435	6,458	8,009	+ 1,551
Appropriation..................	192,695	181,127	188,915	+ 7,788
Obligations....................	226,634	186,230	194,115	+ 7,885
Outlays........................	215,124	181,491	187,332	+ 5,841
Average employment..............	4,551	4,368	4,266	- 102

SUMMARY OF BUDGET REQUEST

Program requirements totalling $188,915,000 are requested in 1987 for the Medical and prosthetic research appropriation, a net increase of $7,788,000 from the 1986 current estimate. This level includes adjusting the 1986 budget appropriation for the one-time Congressional realignment of CDC and Medical research ($-1,500,000) and the addition of 1987 monies necessary for continuation of the CDC study ($+1,249,000).

CHANGES FROM ORIGINAL PRESIDENT'S 1986 BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	PL 99-160 With Adj. 2/	PL 99-177 With Adj. 3/	Current Estimate	Current Est. vs. Budget
Major programs:					
Medical research..........	$168,508	$166,482	$-7,158	$159,324	$- 9,184
Rehabilitation research...	16,089	16,035	- 690	15,345	- 744
Health services research..	6,773	6,748	- 290	6,458	- 315
Appropriation..............	191,370	189,265	-8,138	181,127	-10,243
Obligations................	194,370	194,368	-8,138	186,230	- 8,140
Outlays....................	191,370	188,046	-6,555	181,491	- 9,879
Average employment..........	4,348	4,388	- 20	4,368	+ 20

1/ President's budget request as amended.

2/ Budget estimate adjusted for Congressional action and current year re-estimates.

3/ Implementation of the Balanced Budget and Emergency Deficit Control Act of 1985 (PL 99-177) resulted in a 4.3 percent sequestration of funds for this account.

	Budget Estimate 1/	Current Estimate: PL 99-160 With Adj. 2/	Current Estimate: PL 99-177 With Adj. 3/	Current Estimate: Current Estimate	Current Est. vs. Budget
Funding:					
Personal services.........	$123,234	$124,377	$- 555	$123,822	$+ 588
Travel....................	1,972	1,943	- 223	1,720	- 252
Transportation of things..	367	367	- 25	342	- 25
Comm., rents & utilities..	1,542	1,181	- 63	1,118	- 424
Printing & reproduction...	403	379	- 33	346	- 57
Other services............	27,663	25,387	-3,075	22,312	-5,351
Supplies and materials....	24,168	24,073	-1,847	22,226	-1,942
Equipment.................	14,996	16,392	-2,107	14,285	- 711
Lands and structures......	25	269	- 210	59	+ 34
Total obligations.....	194,370	194,368	-8,138	186,230	-8,140

The 1986 adjusted current estimate is $8,138,000 below the initial estimate due to sequestration which was applied uniformly to the three main program activities in accordance with the provisions of PL 99-177. Changes in obligations by major object classification shown above reflect the Agency's priorities.

The decreases in other services, supplies and materials and equipment result from the reduction of new programs that would have been initiated. In addition, travel will be reduced and ADP equipment will be decreased by approximately $100,000. Rehabilitation research and development service will reduce personal services by $555,000 to account for 20 FTEE that were originally planned for new program starts.

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

ANALYSIS OF INCREASES AND DECREASES - OBLIGATIONS
(dollars in thousands)

	1986 Estimate	1987 Estimate
Prior year obligations	$ 226,634	$ 186,230
Increases and Decreases:		
Investigator - initiated	- 7,735	+ 4,121
High priority research	+ 1,986	- 2,093
Cooperative studies	- 1,126	+ 1,558
Career development	- 682	+ 500
Epidemiology Study (CDC)	- 34,399	+ 1,249
Reimbursable programs	+ 155	+ 700
Rehabilitation research	- 13	+ 1,192
Health services research	+ 49	+ 1,551
Agent orange	+ 1,361	- 893
Net change	- 40,404	+ 7,885
Estimated obligations	$ 186,230	$ 194,115

The 1986 budget estimate for the CDC was $3,800,000. Due to Congressional action, this was reduced by $1,500,000 to a level of $2,300,000 and sequestration reduced it to $2,201,000. This accounts for the $1,249,000 increase in obligations for CDC in 1987 ($3,450,000 vs. $2,201,000). Additionally $1.1 million was provided to Health services research to permit an evaluation of the Adult Day Health Care Program as required by PL 98-160.

SUMMARY OF EMPLOYMENT BY ACTIVITY

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average employment (FTEE):					
Medical research	4,126	3,910	3,950	3,803	- 147
Rehabilitation research	247	263	243	263	+ 20
Health services research	178	175	175	200	+ 25
Total	4,551	4,348	4,368	4,266	- 102
Average payroll	$28,225	$28,343	$28,348	$28,443	$+ 95

SUMMARY OF OBLIGATIONS BY OBJECT
(dollars in thousands)

	1985	1986		1987	Increase (+)
	Actual	Budget Estimate	Current Estimate	Estimate	Decrease (-)
10 Personal services.........	$128,452	$123,234	$123,822	$121,336	$- 2,486
21 Travel and transportation of persons:					
Employee travel.........	1,475	1,876	1,661	1,896	+ 235
Beneficiary travel......	30	49	34	34	...
Interagency motor pool..	15	40	13	13	...
All other...............	25	7	12	21	+ 9
Subtotal..............	1,545	1,972	1,720	1,964	+ 244
22 Transportation of things..	406	367	342	425	+ 83
23 Communications, utilities, and other rent..........	1,104	1,542	1,118	1,231	+ 113
24 Printing and reproduction.	351	403	346	397	+ 51
25 Other services 1/.........	54,676	27,663	22,312	26,285	+ 3,973
26 Supplies and materials....	22,694	24,168	22,226	24,764	+ 2,538
31 Equipment.................	17,118	14,996	14,285	17,422	+ 3,137
32 Lands and structures......	288	25	59	291	+ 232
Total obligations.............	226,634	194,370	186,230	194,115	+ 7,885
Reimbursements................	- 4,345	-3,000	- 4,500	- 5,200	- 700
Unobligated balance:					
Start of year...............	-31,792	- 750	- 1,843	- 1,240	+ 603
End of year.................	1,843	750	1,240	1,240	...
Lapsing.....................	355	...	...	...	...
Appropriation................	$192,695	$191,370	$181,127	$188,915	$+ 7,788

1/Includes obligations for the CDC Epidemiology Study in Medical research as follows:

$36,600 $3,800 $2,201 $3,450 $+1,249

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NON-VA PROGRAM SUMMARY
(dollars in thousands)

	1985 Actual	1986 Estimate Budget	1986 Estimate Current	1987 Estimate	Increase(+)/Decrease(-) Total	Increase(+)/Decrease(-) Census	Increase(+)/Decrease(-) Per Diem	Increase(+)/Decrease(-) Support
Contract hospitals:								
Census	948	986	794	735	- 59			
Per diem, obligations	$ 404.33	$ 362.33	$ 477.52	$ 607.40	$+ 129.88			
Direct obligations	$139,860	$130,399	$138,461	$162,958	$+24,497			
Support obligations	4,473	5,125	4,514	4,570	+ 56			
Total obligations	144,333	135,524	142,975	167,528	+24,553	$+ 7,220	$+17,277	$+ 56
FTEE (support)	170	171	167	168	+ 1			
Community nursing:								
Census	11,444	11,439	11,731	12,019	+ 288			
Per diem, obligations	$ 59.87	$ 66.69	$ 64.38	$ 69.53	$+ 5.15			
Direct obligations	$250,094	$278,446	$275,662	$305,021	$+29,359			
Support obligations	18,842	18,488	18,975	19,263	+ 288			
Total obligations	268,936	296,934	294,637	324,284	+29,647	$+ 7,308	$+22,051	$+288
FTEE (support) 2/	630	555	619	624	+ 5			
State home doms:								
Census	4,334	4,717	4,516	4,584	+ 68			
Per diem, oblig 1/	$ 7.30	$ 7.30	$ 7.30	$ 7.30	...			
Direct obligations	$ 11,839	$ 12,569	$ 12,033	$ 12,214	$+ 181			
Support obligations	1,206	1,352	1,214	1,223	+ 9			
Total obligations	13,045	13,921	13,247	13,437	+ 190	$+ 181	...	$+ 9
FTEE (support)	46	49	45	45	...			
State home nursing:								
Census	7,846	8,818	8,434	8,836	+ 402			
Per diem, oblig 1/	$ 17.05	$ 17.05	$ 17.05	$ 17.05	...			
Direct obligations	$ 48,283	$ 54,877	$ 52,486	$ 54,989	$+ 2,503			
Support obligations	1,934	2,015	1,948	1,971	+ 23			
Total obligations	50,217	56,892	54,434	56,960	+ 2,526	$+2,503	...	$+ 23
FTEE (support)	74	74	73	73	...			
State home hospitals:								
Census	498	516	512	517	+ 5			
Per diem, oblig 1/	$ 15.25	$ 15.25	$ 15.25	$ 15.25	...			
Direct obligations	$ 3,116	$ 2,872	$ 2,849	$ 2,878	$+ 29			
Support obligations	570	693	574	587	+ 13			
Total obligations	3,686	3,565	3,423	3,465	+ 42	$+ 29	...	$+ 13
FTEE (support)	22	25	22	22	...			
Total support oblig	$ 27,025	$ 27,673	$ 27,225	$ 27,614	$+ 389			
Total FTEE (support)	942	874	926	932	+ 6			
Total State home direct care obligations	$63,238	$ 70,318	$ 67,368	$ 70,081	$+ 2,713	$+2,713	...	...

1/ Statutory per diem

2/ Includes 419 FTEE associated directly with Community Nursing.

CONTRACT HOSPITALS
OBLIGATIONS, PATIENT CENSUS, PATIENTS TREATED AND PER DIEMS

(dollars in thousands)

	1985 Actual			1986 Estimate			1987 Estimate			Increase(+)/Decrease(-)		
	Oblig.	Census	Per Diem	Oblig.	Census	Per Diem	Oblig.	Census	Per Diem	Oblig.	Census	Per Diem
Non-Federal hospitals:												
Anchorage, AK.......	$ 31,596	112	$772.69	$ 37,567	111	$927.23	$ 42,075	111	$1,038.50	$+ 4,508	...	$+111.27
Honolulu, HI........	2,804	18	416.89	3,287	18	500.27	3,681	18	560.30	+ 394	...	+ 60.03
Manila, PI..........	305	48	17.29	329	48	18.78	355	48	20.28	+ 26	...	+ 1.50
San Juan, PR........	18,521	430	118.02	18,316	349	143.79	15,549	258	165.32	- 2,767	- 91	+ 21.53
All other...........	74,241	261	778.72	66,591	191	953.08	88,927	223	1,090.58	+22,336	+ 32	+137.50
Subtotal, non-Federal.........	127,467	870	401.44	126,090	717	481.53	150,587	658	626.96	+24,497	- 59	+145.43
Federal hospitals:												
United States Army..	11,667	68	469.90	11,049	67	451.82 1/	11,049	67	451.82 1/	...	...	...
United States Air Force.............	609	8	202.74	1,197	8	410.00	1,197	8	410.00	...	...	...
United States Navy..	74	1	384.46	75	1	410.00	75	1	410.00	...	...	...
Health and Human Services..........	44	1	123.15	50	1	195.00	50	1	195.00	...	...	...
Subtotal, Federal.	12,394	78	436.68	12,371	77	440.17	12,371	77	440.17	...	...	...
Total direct care.....	139,860	948	404.33	138,461	794	477.52	162,958	735	607.40	+24,497	- 59	+129.88
Support.............	4,473			4,514			4,570			+ 56		
Total obligations.....	$144,333			$142,975			$167,528			$+24,553		
Average employment (Support).........	170			167			168			+ 1		
Patients treated....	31,307			26,399			24,437			-1,962		

1/ Includes three census@ $1,344.00 per diem at Brooke, TX, AMC Burn Unit and the remaining census @ $410.00 per diem.

OBLIGATIONS-OUTLAYS RECONCILIATION
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Obligations:				
Medical research..........	$ 204,867	$ 164,427	$ 169,569	$+ 5,142
Rehabilitation research...	15,358	15,345	16,537	+ 1,192
Health services research..	6,409	6,458	8,009	+ 1,551
Total.....................	226,634	186,230	194,115	+ 7,885
Reimbursements:				
Medical research..........	- 4,345	- 4,500	- 5,200	- 700
Unobligated balance:				
Start of year:				
Medical research..........	- 31,589	- 1,675	- 1,072	+ 603
Rehabilitation research...	- 145	- 94	- 94	...
Health services research..	- 58	- 74	- 74	...
Total.....................	- 31,792	- 1,843	- 1,240	+ 603
End of year:				
Medical research..........	1,675	1,072	1,072	...
Rehabilitation research...	94	94	94	...
Health services research..	74	74	74	...
Total.....................	1,843	1,240	1,240	...
Unobligated balance lapsing..................	355	...	...	...
Budget authority:				
Medical research..........	170,983	159,324	164,369	+ 5,045
Rehabilitation research...	15,277	15,345	16,537	+ 1,192
Health services research..	6,435	6,458	8,009	+ 1,551
Total.....................	192,695	181,127	188,915	+ 7,788
Obligated balance:				
Start of year.............	25,940	32,751	32,990	+ 239
End of year...............	- 32,751	-32,990	-34,573	- 1,583
Adjustments in expired accounts................	- 354	...	...	...
Outlays.....................	$ 215,124	$181,491	$187,332	$+ 5,841

MEDICAL RESEARCH

PROGRAM DESCRIPTION

Medical research remains an essential element in the VA's effort to maintain the quality of the care it provides to the nation's veterans. The value of the research program lies not only in the development of new knowledge that improves the diagnosis and treatment of disease, but also in the way it helps to meet the changing medical needs of the veteran patient. The latter benefit is particularly important at this time because the veteran population is growing older. Between now and the end of the century, the number of veterans over 65 will more than double--to nine million.

For this reason, studies of the aging process and of diseases that affect the elderly are a high priority in the VA research program. More than 300 VA investigators are conducting some 400 aging-related research projects in such areas as: Alzheimer's and other neurological disorders; immune system function in aging; osteoporosis; and blood pressure regulation. Progress in these areas would have a double benefit; improving the quality of life of elderly veterans and reducing their need for costly, long term medical and nursing care. Other high priority research areas stressed by the Medical research service are schizophrenia, alcoholism, spinal cord injury and tissue regeneration, delayed stress disorders, health problems of female veterans and Agent orange.

The National Academy of Sciences (NAS) mail survey of former World War II and Korean Conflict Prisoners of War is still in the data collection phase, with questionnaire responses due from about 1,000 of the 2,960 study participants. Analysis of the questionnaires should be completed in the late spring of 1986. In addition, NAS is developing a more intensive study that will bring a selected group of former POWs to VA medical centers for medical and psychological testing. The aim of these studies is to develop a more definitive picture of the unique physical and mental problems affecting former POWs.

The basic goal of all medical research within the VA system is to improve patient care. This is exemplified by the cooperative studies program, in which investigators at a number of different VA medical centers test a common protocol on large numbers of patients under strictly controlled conditions. Twenty-four such studies are now in progress. An additional 11 are in the planning phase, and six are in the final phase of analysis. The following examples illustrate the benefits of the cooperative study approach:

1. In an effort to find the most effective and least toxic initial treatment for certain types of epileptic patients, investigators at 12 VA medical centers will compare carbamazapine-the best of four drugs studied in a previous cooperative study-with a newer compound, valproic acid.

2. A randomized clinical trial to find out whether chemotherapy followed by radiation therapy provides a viable alternative to surgery and radiotherapy in patients with advanced, operable laryngeal cancer is being conducted in 14 VA medical centers. A major advantage of nonsurgical approach, if successful, is that the patient would retain his or her natural speech.

3. A study to determine the efficacy of antiplatelet therapy on graft patency after coronary bypass surgery is being conducted in 10 VA medical centers. This is an extremely important study in that the success of this operation is dependent on the long term patency of these grafts. The VA medical center population is ideally suited for this study, since coronary artery disease affects mainly middle-aged men.

4. A study comparing surgical and medical treatment for asymptomatic carotid stenosis and its importance in the development of stroke is being conducted at 10 VA medical centers.

5. A study comparing the efficacy of angioplasty and bypass surgery in the treatment of patients with arteriosclerosis in the lower extremities is being conducted in eight VA medical centers. Cost-effectiveness analysis will be performed for both types of treatment.

6. Ten VA medical centers are involved in a study to determine if steroid administration will help patients with severe systemic infections and sepsis. The high mortality rate from sepsis/septic shock is a serious problem among older veterans.

BUDGET AUTHORITY BY SUB-ACTIVITY
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
1. Investigator-initiated...	$122,054	$122,752	$119,330	$123,451	$+4,121
2. Cooperative studies......	14,345	14,343	11,882	13,440	+1,558
3. Career development.......	15,200	14,070	14,070	14,570	+ 500
4. High priority research...	9,520	9,243	9,243	7,150	-2,093
5. Agent orange.............	4,438	4,300	2,598	2,308	- 290
6. Epidemiology Study (CDC)[1/]	5,426	3,800	2,201	3,450	+1,249
Total......................	$170,983	$168,508	$159,324	$164,369	$+5,045

EMPLOYMENT BY SUB-ACTIVITY

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average employment by sub-activity (FTEE):					
Investigator-initiated...	3,107	3,130	3,130	3,069	- 61
Cooperative studies......	321	225	225	225	...
Career development.......	365	260	260	260	...
High priority research...	229	191	191	92	- 99
Agent orange.............	24	24	24	17	- 7
Reimbursable programs....	80	80	120	140	+ 20
Total employment...........	4,126	3,910	3,950	3,803	-147
Average payroll............	$28,390	$28,681	$28,511	$28,625	$+114

[1/] Management of the resources associated with this study is the responsibility of the Department of Health and Human Services (HHS) through the Centers for Disease Control (CDC) in Atlanta, Georgia.

OBLIGATIONS BY OBJECT
(dollars in thousands)

		1985	1986		1987	Increase (+)
		Actual	Budget Estimate	Current Estimate	Estimate	Decrease (-)
10	Personal services:	$117,139	$112,142	$112,618	$108,861	$-3,757
21	Travel and transportation of persons:					
	Employee travel.........	1,241	1,656	1,426	1,642	+ 216
	Beneficiary travel......	30	49	34	34	...
	Interagency motor pool..	15	40	13	13	...
	All other...............	6	1	5	4	- 1
	Subtotal.............	1,292	1,746	1,478	1,693	+ 215
22	Transportation of things..	358	343	300	381	+ 81
23	Communications, utilities, and other rent..........	1,044	1,436	1,050	1,160	+ 110
24	Printing and reproduction.	249	287	250	304	+ 54
25	Other services............	47,886	20,594	15,351	18,555	+3,204
26	Supplies and materials....	21,271	21,993	20,713	22,941	+2,228
31	Equipment.................	15,350	12,943	12,609	15,394	+2,785
32	Lands and structures......	278	24	58	280	+ 222
	Total obligations.............	$204,867	$171,508	$164,427	$169,569	$+5,142

OBLIGATIONS BY SUB-ACTIVITY
(dollars in thousands)

	1985	1986		1987	Increase(+)
	Actual	Budget Estimate	Current Estimate	Estimate	Decrease(-)
Investigator-initiated........	$127,065	$123,655	$119,330	$123,451	$+4,121
Cooperative studies...........	13,008	13,440	11,882	13,440	+1,558
Career development............	14,752	14,070	14,070	14,570	+ 500
High priority research........	7,257	9,243	9,243	7,150	-2,093
Agent orange..................	1,840	4,300	3,201	2,308	- 893
Epidemiology study (CDC)......	36,600	3,800	2,201	3,450	+1,249
Reimbursable programs.........	4,345	3,000	4,500	5,200	+ 700
Total obligations.............	$204,867	$171,508	$164,427	$169,569	$+5,142

JUSTIFICATION OF ESTIMATES

This request provides for a level of $164,369,000 and 3,803 FTEE in 1987, an increase of $5,045,000 and a decrease of 147 FTEE from the 1986 level. Research technology and the understanding of health care problems is advancing and the Veterans Administration (VA) must be in a position to address problems that most directly relate to important areas such as aging, heart disease, diabetes, cancer, alcoholism, and health-related problems of Vietnam era veterans - such as the effects of exposure to Agent Orange, the health problems of former Prisoners of War and female veterans. All will continue to receive VA medical research support in 1987. The requested funding and FTEE will permit medical research support for ongoing research programs addressing these kinds of problems.

One of the goals of Medical research is to provide an excellent biomedical research program. The major program activities designed to accomplish this goal will be continued. They include investigator-initiated studies, cooperative studies, career development, the high priority research program and Agent Orange related research.

Investigator-initiated studies $+4,121,000 -61 FTEE

Investigator-initiated research programs are placed at health care facilities with clinical staff who have the desire and ability to carry out quality medical research. Through support of investigator-initiated research programs there is an opportunity to exploit the singular potentials for research in the VA and to increase the VA's attractiveness for highly qualified clinical personnel. The creation of new medical knowledge in support of the health care mission is a significant goal of research on the war-related afflictions and prevalent diseases among veterans.

The 1987 level of funding will allow medical research to continue activities of the highest priority. Contributions will continue to be made to the store of medical knowledge that will improve our diagnosis and treatment of veterans. The 1987 level of support is $123,451,000 and 3,069 FTEE. The increase will be used for equipment and other services.

Cooperative studies $+1,558,000 ... FTEE

Cooperative studies are uniquely appropriate to the VA because these studies take place in the largest organized health care system in the Nation. The opportunity to undertake cooperative studies is available to all VA investigators who wish to use it to answer appropriate clinical questions. This level of funding will allow replacement of completed ongoing programs with new approved programs. The 1987 level of support is $13,440,000 and 225 FTEE.

Career development $+500,000 ... FTEE

The research career development program provides qualified clinicians an intensive, time-limited opportunity to develop a leadership position in the VA as a clinician-researcher. Salaries and research funds are awarded for specific terms of appointment. Selection of awardees is based on the quality of their research and on the relevance of their research to the patient care mission of the VA.

The level of funding in 1987 of $14,570,000 and 260 FTEE and will allow replacement of completed programs with others that have the highest merit review scores.

High priority research $-2,093,000 -99 FTEE

High priority research is targeted by Veterans Administration Central Office on topics of particular relevance to veterans. Current topics for this special effort include aging, alcoholism, schizophrenia, spinal cord injury and tissue regeneration, delayed stress disorders, health of former Prisoners of War and female veterans.

The level of funding in 1987 of $7,150,000 and 92 FTEE will support ongoing programs. As programs are completed, priority for replacement will be given to the most meritorious programs, which will be identified under the investigator-initiated program. This does not lessen Medical research services' intent to conduct a vigorous High priority program, but reflects an administrative change in the method of selecting high priority projects.

Agent orange $-290,000 -7 FTEE

The 1987 requested level of $2,308,000 and 17 FTEE will support basic studies on the possible adverse health effects of exposure to Agent Orange and related herbicides.

Agent orange epidemiology study $+1,249,000 ... FTEE

The requested level of $3,450,000 will support the 1987 level for the Centers for Disease Control (CDC) to continue the Agent Orange Epidemiology Study begun in 1984.

Reimbursable program ... +20 FTEE

Average employment associated with reimbursable research is increased by 20 in anticipation of reimbursements increasing from $4,500,000 to $5,200,000.

REHABILITATION RESEARCH

PROGRAM DESCRIPTION

The mission of the Rehabilitation research and development (Rehab R&D) program is to improve the quality of life for impaired, disabled and handicapped veterans by making them more functionally independent. This mission has been significantly advanced by ongoing research and development projects in the priority areas of prosthetics/amputation, spinal cord injury and sensory aids.

In prosthetics/amputation/orthotics, researchers are using new materials and computer technology to develop a new generation of artificial limbs; lighter, better fitting and more comfortable limbs that permit more natural movement and more vigorous activities, including running, skiing and swimming.

In spinal cord injury, the use of robotics is being studied, as is the possibility that computer controlled electrical stimulation can be used to restore function to paralyzed limbs. Research projects in the area of sensory aids include the development of advanced mobility aids for the visually impaired, computer based hearing aids and a multi-hospital study in which remote, machine assisted speech therapy is provided to stroke patients who are aphasic. During 1985, 150 Rehabilitation research and development projects were being conducted at 50 VA medical centers including the two Rehabilitation Research and Development Center, the Research and Development Evaluation Unit and the Office of Technology Transfer. Ten intragency agreements were in effect for Rehabilitation R&D projects.

To find ways to use advanced medical and engineering science and technology for the direct benefit of severely disabled veterans, special Rehabilitation Research and Development Centers have been established at the Palo Alto, CA and Hines, IL VA Medical Centers. A Rehabilitation Research and Development Unit--smaller in scope and funding than a center--is in operation at the Decatur, GA VA Medical Center.

The Rehabilitation R&D Evaluation Unit is responsible for the coordination of new prototypes and techniques developed under the VA program so that promising devices can be expeditiously transferred into commercial production and clinical use. It is also charged with developing training materials for new devices and improved techniques. During 1985, 11 projects were in various phases of evaluation, with the VA Seattle Foot, and the Superfold Cane in the final process of completion. The other projects were: Robotic Arm; Exercise Table; Bathroom Fixtures; Simian Aides; Velocity Wheelchair; Ultrasound Wheelchair Control; Software for the Treatment of Aphasic Adults on the Apple II Microcomputer; Special Friend Portable Speech Prosthesis; and Plastic Temporary Adjustable B-K Prosthesis. Commercial production of the Seattle Foot, which won the first presidential Award for Design Excellence, was effected in the fall of 1985, and final clinical testing and evaluation of 500 Seattle Feet by veterans nationwide is almost complete.

The Office of Technology Transfer (OTT) is charged with promoting the results of VA-sponsored scientific and engineering projects among scientists, engineers, clinicians, and consumers in the United States and abroad. Formerly located in New York, NY, the office was moved to Washington, DC during the fiscal year.

EMPLOYMENT

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase(+) Decrease(-)
Average employment (FTEE)....	247	263	243	263	+ 20
Average payroll...............	$27,599	$25,354	$27,737	$27,878	$+141

OBLIGATIONS BY OBJECT
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
10 Personal services..........	$ 6,817	$ 6,668	$ 6,740	$ 7,332	$+ 592
21 Travel and transportation of persons:					
Employee travel..........	158	160	155	155	...
All other................	1	1	1	1	...
Subtotal...............	159	161	156	156	...
22 Transportation of things...	35	19	30	30	...
23 Communications, utilities, and other rent...........	37	83	45	45	...
24 Printing and reproduction..	96	109	89	85	- 4
25 Other services............	5,668	5,594	5,594	5,910	+ 316
26 Supplies and materials.....	1,102	1,799	1,244	1,380	+ 136
31 Equipment.................	1,444	1,655	1,446	1,598	+ 152
32 Lands and structures.......	...	1	1	1	...
Total obligations.............	$15,358	$16,089	$15,345	$16,537	$+1,192

JUSTIFICATION OF ESTIMATES

This estimate provides for an appropriation request of $16,537,000 and 263 FTEE for the Rehabilitation research activity in 1987, an increase of $1,192,000 and 20 FTEE above 1986. This will provide support for research in the focused areas of prosthetics/amputation/orthotics, spinal cord injury, communication disorders, sensory and mobility aids. During 1987, the Rehabilitation research and development (Rehab R&D) program plans to support 63 investigator-initiated research projects to improve rehabilitation including research in specialized physical fitness programs for the disabled/handicapped veteran that will improve overall physical conditioning, and to conduct 85 projects designed to adapt technology into service delivery for the disabled veteran.

Prosthetic/Amputation/Orthotics — $+488,000 +8 FTEE

The application of computer-aided design and computer-assisted machine (CAD/CAM) artificial limb sockets and custom orthopedic shoes will continue to be limited to pilot studies and only one project with National Aeronautics and Space Administration (NASA), all of which began in 1985. The studies of new artifical limb materials will be limited to those in support of CAD/CAM projects. New studies in other areas of prosthetics/amputation/orthotics will begin as older studies are completed or terminated.

Spinal Cord Injury — $+418,000 +7 FTEE

The interagency project with NASA to develop a commercial version of the implantable functional electrical stimulator will be maintained as a pilot study. Studies in voice-activated robotics begun in 1985 with special funding will be continued. New studies in these and other areas of spinal cord injury will begin as older studies are completed or terminated.

Sensory Aids — $+286,000 +5 FTEE

Studies in improved hearing aids and cochlear implants will continue to be pursued. New studies in other areas of sensory aids will begin as older studies are completed or terminated.

HEALTH SERVICES RESEARCH

PROGRAM DESCRIPTION

Health services research and development service (HSR&D) continues to contribute to more cost-effective health care delivery for the nation's veterans by supporting a variety of projects to evaluate new and/or alternative medical interventions and administrative techniques. The information gained from these activities is transmitted to clinicians and administrators for their use in health care related decision making. During 1984, for example, HSR&D supported a national conference on Decision Support Technology, which concerned the use of devices and systems to help decision-makers improve the quality and cost-effectiveness of health services. HSR&D also conducted the second annual Survey of Demand for VA Medical Care, made plans for a new national survey of veterans in 1986, and drafted a proposed agenda to help the VA address the growing challenge of health and social service needs of aging veterans.

Investigator-initiated research

At the heart of HSR&D's research activities is the Investigator-initiated research program. Thirty-nine new projects, covering a wide range of VA concerns, were supported during the year. These studies continue to yield significant information, such as the following:

1. Aerobic exercise constitutes an effective and cost-beneficial method of controlling blood pressure and reducing cardiovascular risk levels in mildly hypertensive veterans. In addition to the health benefits, this nonpharmacologic approach also represents a potential savings in antihypertensive drug costs.

2. An evaluation of studies on the use of nurse practitioners shows them to be effective and efficient in the provision of services that might be described as expanded nursing or physician substitute services: performing physical exams, taking histories, ordering diagnostic tests, and prescribing treatment, counselling, and follow-up care. HSR&D recommended that the use of nurse practictioners should be encouraged and expanded, particularly in such areas as chronic care.

HSR&D field programs

The field programs continue to implement the HSR&D's mission nationwide. By linking research with local patient care and administrative needs, the field programs foster the integration of research and practice and the use of research products by VA managers and clinicians. The objectives of the field programs are to: conduct relevant, high-quality health services research; provide support and consultation to area managers and providers; and inform and educate VA managers and providers about the methods and uses of HSR&D. Currently, nine field programs are operational and one more is in the developmental stage. The goal is to have at least two programs in each of the VA's seven regions.

One significant field program activity during 1985 was to assist the Spinal cord injury (SCI) service develop a registry of all spinal cord injured patients who use the VA. Eventually, data gathered through the SCI Registry will facilitate demographic studies, vital statistics analysis, identification of trends and studies of the natural history of disease processes peculiar to SCI.

Special projects

The Special projects program focuses on projects designed to meet the information needs of managers in the VA Central Office, in Washington, D.C., with special emphasis on technology assessment, research assessment and technology transfer. One recent technology assessment activity was the evaluation of Extracorporeal Shock Wave Lithotripsy (ESWL), a non-invasive procedure for distintegrating kidney stones in the upper urinary tract. It was found to be as effective as surgery and other techniques for small stones, but without the associated risk, complications, discomfort, and extended hospitalization.

EMPLOYMENT

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average employment (FTEE)...	178	175	175	200	+ 25
Average payroll...........	$25,258	$25,280	$25,509	$25,715	$+206

OBLIGATIONS BY OBJECT
(dollars in thousands)

		1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
10	Personal services..........	$4,496	$4,424	$4,464	$5,143	+ 679
21	Travel and transportation of persons:					
	Employee travel..........	76	60	80	99	+ 19
	All other................	18	5	6	16	+ 10
	Subtotal...............	94	65	86	115	+ 29
22	Transportation of things...	13	5	12	14	+ 2
23	Communications, utilities, and other rent...........	23	23	23	26	+ 3
24	Printing and reproduction..	6	7	7	8	+ 1
25	Other services.............	1,122	1,475	1,367	1,820	+ 453
26	Supplies and materials.....	321	376	269	443	+ 174
31	Equipment..................	324	398	230	430	+ 200
32	Lands and structures.......	10	...	...	10	+ 10
Total obligations..............		$6,409	$6,773	$6,458	$8,009	$+1,551

JUSTIFICATIONS OF ESTIMATES

This estimate provides for an appropriation request of $8,009,000 and 200 average employment in 1987. This level provides for increases in other services, equipment and supplies and materials to support the 1987 research effort planned. Also an increase is provided for the planned evaluation of adult day health care directed by PL 98-160 ($1,100,000 and 25 FTEE). The base funding provides continued support for: investigator initiated research projects which enable Veterans Administration clinicians and administrators to improve VA health care services; field programs staffed by HSR&D researchers having specific responsibility for integrating research with management and clinical practice in the field; and special projects designed to provide health care information for VA decision-makers and to transfer valid research results into practice.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

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MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

APPROPRIATION LANGUAGE

For necessary expenses in the administration of the medical, hospital, nursing home, domiciliary, construction and supply, and research[, employee education and training] activities, as authorized by law, [$57,119,000] $42,694,000, plus reimbursements.

[Sec. 416. Notwithstanding any other provision of this Act, amounts otherwise provided by this Act for the following accounts and activities are reduced by the following amounts:]

["Medical administration and miscellaneous operating expenses", $3,595,309;]

EXPLANATION OF LANGUAGE CHANGE

It is proposed that the Postgraduate and Inservice Training activity be transferred to the Medical Care appropriation. As only the education and training costs of Medical Administration employees will be paid in this appropriation, specific language is not required.

The language added to the 1986 Department of Housing and Urban Development Independent Agencies Appropriation Act to reduce the appropriation by 1.1 percent is deleted.

PROGRAM DESCRIPTION

The 1987 appropriation request provides for the administration and supervision of all Agency medical programs by the Chief Medical Director, assisted by his Central Office staff elements.

Activity classifications identified with the appropriation are:

Medical Administration which provides for all Agency medical program supervision and administration, including the development and implementation of policies, plans and broad program activities, impetus for medical centers in attaining their objectives, and necessary follow-up action to insure complete accomplishment of goals.

Postgraduate and Inservice Training resources which provided for tuition and travel payments, lecturer fees and training materials used in connection with training employees working in medical programs are being transferred to the Education and Training section of the Medical Care appropriation and to Medical Administration for continuing education needs of the Central Office staff.

Health Professional Scholarship Program which provided for tuition, stipend and other educational expenses to eligible, full-time students in degree programs such as medicine, osteopathy and nursing has been discontinued. Scholarship commitments made will be honored resulting in outlays through 1990; however, no new scholarship awards will be granted. Administration and monitoring of the program will be assumed by the Office of Academic Affairs within Medical Administration.

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Major programs by activity:				
Medical administration	$52,716	$42,328	$42,694	$+ 366
Postgraduate and inservice training	10,606	8,556	...	- 8,556
Health professional scholarship	4,569	338	...	- 338
Appropriation	67,891	51,222	42,694	- 8,528
Obligations	65,798	51,222	42,694	- 8,528
Outlays	65,571	55,631	43,952	-11,679
Average employment	809	664	591	- 73

SUMMARY OF BUDGET REQUEST

The 1987 appropriation request for the Medical administration and miscellaneous operating expenses (MAMOE) appropriation totals $42,694,000 a net decrease of $8,528,000 below the 1986 level.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	PL 99-160 With Adj. 2/	PL 99-177 Adj. 3/	Current Estimate	Current Est. vs. Budget
Major programs by activity:					
Medical administration	$47,221	$44,230	$-1,902	$42,328	$-4,893
Postgraduate and inservice training	9,545	8,941	- 385	8,556	- 989
Health professional scholarship	353	353	- 15	338	- 15
Obligations	57,119	53,524	-2,302	51,222	-5,897
Appropriation	57,119	53,524	-2,302	51,222	-5,897
Outlays	58,619	57,386	-1,755	55,631	-2,988
Average employment	753	678	- 14	664	- 89

The 1986 original estimate included average employment of 753. Although 753 ceiling has been provided, a management decision was made to provide for balanced program direction utilizing 664 FTEE.

Obligations have been decreased as a result of three factors: (1) An unspecified Congressional reduction of $3,000,000; (2) a Congressional across-the-board reduction of 1.1% ($595,000); and (3) a reduction of $2,302,000 as a result of the Balanced Budget and Emergency Deficit Control Act of 1985. To provide a balanced program within these reduced resources, estimated achievable employment has been reduced 89 FTEE.

1986 outlays are not reduced proportionately to obligations due to a reassessment of the timing of expenditures for the Health Professional Scholarship Program.

		Current Estimate			
	Budget Estimate 1/	PL 99-160 With Adj. 2/	PL 99-177 Adj. 3/	Current Estimate	Current Est vs. Budget
Funding:					
Personal services	$33,667	$32,755	$- 676	$32,079	$-1,588
Travel	7,340	7,213	- 403	6,810	- 530
Transportation of things	244	156	...	156	- 88
Rents, comm. and utilities	2,437	2,042	- 23	2,019	- 418
Standard level user charges	3,052	2,633	...	2,633	- 419
Printing and reproduction	658	664	- 152	512	- 146
Other services	7,333	5,590	- 806	4,784	-2,549
Supplies and materials	1,176	1,223	- 101	1,122	- 54
Equipment	859	895	- 126	769	- 90
Grants, subsidies and contributions	353	353	- 15	338	- 15
Total obligations	$57,119	$53,524	$-2,302	$51,222	$-5,897

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

PL 99-177 sequester was applied uniformly to the three activities. The adjustment made in the object classifications reflects an assessment of need based on 1985 actual results tempered by a critical appraisal of where the reductions could be made with the least impact on MAMOE operations

ANALYSIS OF INCREASES AND DECREASES - OBLIGATIONS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year obligations	$ 65,798	$ 51,222
Increases and decreases:		
Uncontrollable payroll costs	+ 380	+ 328
Staffing decrease	- 6,305	- 3,296
Travel and transportation of persons:		
Employee travel	- 1,141	- 5,620
All other travel	+ 1	- 1
Transportation of things	+ 72	+ 3
Communications, utilities, and other rent	+ 224	- 46
Standard level user charges	- 396	- 118
Printing and reproduction	- 64	+ 168
Other services	- 1,560	+ 632
Supplies and materials	- 313	- 388
Equipment	- 1,608	+ 148
Grants, subsidies and contributions	- 3,866	- 338
Net change	-14,576	- 8,528
Estimated obligations	$ 51,222	$ 42,694

In 1987, total obligations are estimated at a net decrease of $8,528,000 below the 1986 level. This primarily results from the transfer of Facility Engineering Planning and Construction (FEPAC) to the Construction minor projects appropriation, and the Postgraduate and Inservice Training activity transfer to Medical Care.

SUMMARY OF OBLIGATIONS BY ACTIVITY
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase(+) Decrease(-)
Obligations by activity:					
Medical administration	$50,427	$45,981	$42,328	$42,694	$+ 366
Postgraduate and inservice training	10,807	9,545	8,556	...	- 8,556
Health professional scholarship	4,564	353	338	...	- 338
Total obligations	$65,798	$55,879	$51,222	$42,694	$- 8,528

SUMMARY OF EMPLOYMENT BY ACTIVITY

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase(+) Decrease(-)
Average employment (FTEE):					
Medical administration	802	753	664	591	- 73
Health professional scholarship	7	...	...	...	...
Total	809	753	664	591	- 73
Average payroll	$46,977	$43,064	$48,312	$49,257	$+ 945

SUMMARY OF OBLIGATIONS BY OBJECT
(dollars in thousands)

			1986			
		1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase(+) Decrease(-)
10	Personal services............	$38,004	$32,427	$32,079	$29,111	$- 2,968
21	Travel and transportation of persons:					
	Employee travel............	7,950	7,340	6,809	1,189	- 5,620
	Interagency motor pool.....	...	...	1	...	- 1
	Subtotal.................	7,950	7,340	6,810	1,189	- 5,621
22	Transportation of things.....	84	244	156	159	+ 3
23	Communications, utilities, and other rent:					
	Standard level user charges	3,029	3,052	2,633	2,515	- 118
	All other..................	1,795	2,437	2,019	1,973	- 46
	Subtotal.................	4,824	5,489	4,652	4,488	- 164
24	Printing and reproduction....	576	658	512	680	+ 168
25	Other services...............	6,344	7,333	4,784	5,416	+ 632
26	Supplies and materials.......	1,435	1,176	1,122	734	- 388
31	Equipment....................	2,377	859	769	917	+ 148
41	Grants, subsidies and contributions..............	4,204	353	338	...	- 338
	Total obligations................	65,798	55,879	51,222	42,694	- 8,528
	Unobligated balance:					
	Lapsed.........................	2,093	...	...	...	...
	Total appropriation..............	$67,891	$55,879	$51,222	$42,694	$- 8,528

MEDICAL ADMINISTRATION

PROGRAM DESCRIPTION

Medical Administration provides for the central office staff of the Department of Medicine and Surgery (DM&S), under the guidance of the Chief Medical Director (CMD) who provides leadership and direction to the VA health care program. The CMD is directly responsible to the Administrator to ensure that appropriate health care is provided to eligible veterans, pursuant to Title 38 U.S.C. and other statutory authority.

To facilitate the accomplishment of the Department's basic goal of providing the best care possible to the Nation's veterans, the CMD and his central office staff identify, develop, and guide implementation of policies, programs, and strategies necessary to carry out four missions assigned by law. These are:

- Delivering high quality comprehensive health care to veteran patients;
- Developing and conducting medical and allied medical education and training;
- Conducting research related to the needs of the veteran patient; and,
- Serving as primary health care system backup for active military personnel in the event of war or national emergency.

Medical Administration also provides for activities which enhance the central office staff's ability to meet targeted responsibilities. Specifically, these activities include the following:

- A special medical advisory group established by Title 38 U.S.C. Section 4112, which advises the CMD and Administrator on medical and policy matters and serves as a liaison between the Veterans Administration and major segments of American medicine;
- Continuing education and training for central office employees; and,
- The utilization of automated data processing and computer technology to effect improved information management.

Vigorous position management practices effected in 1985 allowed the continuation of priority initiatives with significantly constrained resources. Further reductions proposed for 1986 and 1987 will result in a stringent review of functions and programs and the elimination of lower priority workload.

Priority management initiatives in 1986-87 in support of the Department's missions include:

- Peer review to assure the quality of resource allocation methods (Peer Review Organization -- PRO);
- A revalidated Medical District Initiated Program Planning (MEDIPP) process to effectively plan for the health care needs of veterans based on demographic analysis, workload forecasting, and review of local resources;
- Most Effective Organization (MEO) studies to ensure that selected field functions are optimally efficient;
- A-76 contracting-out studies to determine whether in-house or contract operations are more advantageous to the government;
- Improved staffing guidelines for medical center operating functions to determine the number and type of employees needed to provide adequate patient care; and,
- A strengthened data processing system to enhance clinical and administrative support and to lead to a totally integrated hospital information system.

EMPLOYMENT AND OBLIGATIONS BY FUNCTION
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase(+) Decrease(-)
Employment (average FTEE):					
CMD supervision, administration and staff support..........	301	312	207	134	- 73
Operations....................	127	77	152	152	...
Programs, planning and policy development................	...	...	43	43	...
Professional services........	128	113	...	...	...
Clinical affairs.............	...	...	104	104	...
Administration...............	93	95	...	...	...
Academic affairs.............	69	68	57	57	...
Research and development.....	45	52	39	39	...
Dentistry....................	16	15	12	12	...
Planning coordination........	...	...	32	32	...
Extended Care................	23	21	18	18	...
Total FTEE.....................	802	753	664	591	- 73
Obligations by function:					
CMD supervision, administration and staff support............	$17,893	$17,083	$12,372	$ 9,000	$-3,372
Operations....................	9,233	7,377	10,594	11,192	+ 598
Programs, planning and policy development................	...	...	2,415	4,511	+2,096
Professional services........	8,765	7,057	...	...	...
Clinical affairs.............	...	...	7,219	7,570	+ 351
Administration...............	5,188	5,169	...	...	...
Academic affairs.............	4,085	4,105	3,408	3,619	+ 211
Research and development.....	2,399	2,638	2,075	2,201	+ 126
Dentistry....................	1,305	1,189	1,011	1,119	+ 108
Planning coordination........	...	...	1,983	2,120	+ 137
Extended care................	1,559	1,363	1,251	1,362	+ 111
Total obligations..............	$50,427	$45,981	$42,328	$42,694	$+ 366

The 1986 current estimate reflects the reorganization of Medical Administration which will allow the Chief Medical Director to operate with 664 FTEE. Major realignments include the establishment of an ADCMD for Programs, Planning and Policy Development and an ACMD for Planning Coordination; the establishment of an Office of Administration under the Director for operations; and the redesignation of the ACMD for Professional Services to the ACMD for Clinical Affairs.

The 1987 reduction of 73 FTEE and $3,372,000 in the CMD supervision, administration and staff support reflects mainly the transfer of Facility Engineering Planning and Construction (FEPAC) to the Construction minor projects appropriation (73 FTEE and $3,856,000).

EMPLOYMENT BY TYPE

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase(+) Decrease(-)
Nurses............................	21	16	14	14	...
Dentists..........................	12	11	10	10	...
Physicians........................	46	33	30	30	...
Clinical counseling psychologists..................	1	2	1	1	...
Other employees...................	722	691	609	536	- 73
Total average employment.........	802	753	664	591	- 73

OBLIGATIONS BY OBJECT
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase(+) Decrease(-)
10 Personal services:					
Nurses......................	$ 1,160	$ 902	$ 773	$ 781	$+ 8
Dentists....................	951	890	792	800	+ 8
Physicians..................	4,665	3,192	3,042	3,072	+ 30
Clinical counseling psychologists............	107	180	107	108	+ 1
Other employees.............	30,454	26,963	26,979	23,948	-3,031
Subsistence-real estate, etc.......................	370	300	386	402	+ 16
Subtotal..................	37,707	32,427	32,079	29,111	-2,968
21 Travel and transportation of persons:					
Employee travel.............	1,270	1,255	928	1,189	+ 261
22 Transportation of things....	81	241	153	159	+ 6
23 Communications, utilities, and other rent:					
Communications..............	1,549	2,047	1,796	1,735	- 61
Standard level user charges	3,029	3,052	2,633	2,515	- 118
Equipment rentals...........	219	372	208	238	+ 30
Subtotal..................	4,797	5,471	4,637	4,488	- 149
24 Printing and reproduction...	556	646	502	680	+ 178
25 Other services:					
Miscellaneous contractual services..................	929	1,140	701	2,899	+2,198
Personal services contracts.................	581	1,281	294	619	+ 325
Repair of furniture and equipment.................	345	254	301	374	+ 73
Data processing services..	868	1,765	1,343	1,476	+ 133
Tuition - Federal/Non-Fed.	...	...	...	58	+ 58
Subtotal..................	2,723	4,440	2,639	5,416	+2,777
26 Supplies and materials:					
Operating supplies.........	414	201	288	326	+ 38
Books and periodicals......	267	228	177	211	+ 34
Office supplies............	251	228	171	197	+ 26
Subtotal..................	932	657	636	734	+ 98
31 Equipment....................	2,361	844	754	917	+ 163
Total obligations...............	$50,427	$45,981	$42,328	$42,694	$+ 366

JUSTIFICATION OF ESTIMATES

This request provides for 591 average employment (FTEE) and $42,694,000 for the Medical Administration activity in 1987. This is a net decrease of 73 average employment and an increase of $366,000 in obligations.

A decrease of 73 FTEE and $3,856,000 is associated with the transfer of Facility Engineering, Planning and Construction (FEPAC) to the Construction, minor projects appropriation. This transfer is the result of the Administrator's decision that the transfer would help to implement the recommendations of a comprehensive study made of the VA's health care facility planning, design and construction program.

An increase of $184,000 is for the continuing education of VA Central Office employees. This amount represents a portion of the Postgraduate and Inservice Training (PIT) program which has been discontinued as a Medical Administration and Miscellaneous Operating Expenses (MAMOE) activity. The balance of the PIT program ($8,757,000) is being transferred to the Medical Care appropriation.

Program increases of $4,038,000 are requested to fund a physician staffing study estimated at $2,000,000, uncontrollable inflation and payroll increases, and other program support. Three FTEE and $136,000 are being redirected as follows: one FTEE and $50,000 to support the Office of Quality Assurance for Medical District Initiated Peer Review Organization (MEDIPRO) activities, and two FTEE and $86,000 for the Office of Adminstration to provide central office supervision of Most Efficient Organization (MEO) studies.

OBJECT CHANGES

Personal services: The decrease of 73 FTEE and $2,968,000 reflects an increase of three FTEE and $121,000 for staffing associated with the Peer Review Organization (PRO) and the Most Efficient Organization (MEO) studies; 14 FTEE and $676,000 for other program support services; a decrease of 73 FTEE and $3,294,000 for the transfer of FEPAC to the Construction minor projects appropriation; a decrease of 17 FTEE and $792,000 to offset the cost of inflation ($471,000 reflected in non payroll operating accounts) and uncontrollable payroll increases of $321,000.

Travel and transportation of persons: The increase of $261,000 includes increases for inflation $42,000; travel associated with MEO studies $6,000; education and training $128,000 (previously a part of the Postgraduate and Inservice Training Program); an increase of $200,000 for other program support; and a decrease of $115,000 for FEPAC travel.

Transportation of things: An increase of $6,000 for inflation.

Communications, utilities, and other rent: The net decrease of $149,000 reflects an increase for inflation of $198,000, $20,000 for other program support, less transfers of FEPAC standard level user charges of $230,000 and telecommunications of $137,000.

Printing and reproduction: The increase of $178,000 reflects an increase for inflation of $28,000 and $150,000 for other program support.

Other services: The increase of $2,777,000 reflects an increase for inflation of $130,000, $9,000 for Peer Review activities; $2 million for the physicians staffing study, tuition expenses of $56,000 for training of Central Office employees (previously funded through the PIT activity); $662,000 for other program support, less the transfer of FEPAC for ADP maintenance charges $80,000.

Supplies and materials: The increase of $98,000 reflects an increase for inflation of $30,000 plus $68,000 for other program support.

Equipment: The increase of $163,000 reflects an increase for inflation of $37,000 plus $126,000 for other program support.

POSTGRADUATE AND INSERVICE TRAINING

PROGRAM DESCRIPTION

In 1987, funds for this program are being transferred to the Medical Care appropriation and to the Medical Administration Program to support the continuing education needs of employees. Support of continuing education is an integral part of quality health care and management. With this transfer the cost of continuing education will be associated with the appropriation responsible for the employee's salaries.

Schedules of the 1985 actual obligations and the 1985 actual comparative analysis of educational activities and obligations as well as the 1986 current estimate for the two categories follow on the next two pages. There is no 1987 estimate in either category as the program has been discontinued as a MAMOE activity.

OBLIGATIONS BY OBJECT
(dollars in thousands)

			1986			
		1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase(+) Decrease(-)
21	Travel and transportation of persons:					
	Employee travel	$ 6,676	$ 6,085	$ 5,881	...	$-5,881
	Interagency motor pool	...	...	1	...	- 1
	Subtotal	6,676	6,085	5,882	...	-5,882
22	Transportation of things	3	3	3	...	- 3
23	Communications, utilities, and other rent	11	18	15	...	- 15
24	Printing and reproduction	7	12	10	...	- 10
25	Other services:					
	Miscellaneous contractual services	454	355	193	...	- 193
	Personal services contracts	840	533	388	...	- 388
	Tuition - Federal/non-Federal	2,299	2,005	1,564	...	-1,564
	Subtotal	3,593	2,893	2,145	...	-2,145
26	Supplies and materials:					
	Operating supplies	69	80	60	...	- 60
	Books, periodicals, audio-visuals	420	424	414	...	- 414
	Office supplies	12	15	12	...	- 12
	Subtotal	501	519	486	...	- 486
31	Equipment:					
	Medical, dental, scientific and technical	16	15	15	...	- 15
Total obligations		$10,807	$ 9,545	$ 8,556	$...	$-8,556

JUSTIFICATION OF ESTIMATES

In 1987, an increase of $385,000 is requested primarily for inflation to provide a level of $8,941,000 to be transferred. Of this total, $184,000 remains in this appropriation in the Medical Administration program to provide continuing education for Central Office DM&S employees. The remaining $8,757,000 is transferred to the Medical Care appropriation. Discussion can be found in the Education and Training section of that appropriation.

COMPARATIVE ANALYSIS OF EDUCATIONAL ACTIVITIES AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase(+) Decrease(-)
Educational assignments involving travel:					
Physicians, dentists, nurses...	8,866	7,845	7,788	...	-7,788
Other allied health employees..	6,738	5,936	5,944	...	-5,944
Medical administration employees....................	7,820	7,421	6,763	...	-6,763
Total number of staff..........	23,424	21,202	20,495	...	-20,495
Subtotal obligations...........	$ 6,676	$ 6,085	$ 5,882	...	$- 5,882
Tuition and registration:					
Physicians, dentists, nurses...	6,522	5,357	4,298	...	- 4,298
Other allied health employees..	6,183	5,204	4,059	...	- 4,059
Medical administration employees....................	5,530	4,744	3,582	...	- 3,582
Total number of staff..........	18,235	15,305	11,939	...	-11,939
Subtotal obligations...........	$ 2,299	$ 2,005	$ 1,564	$ ...	$- 1,564
Lectures and workshops:					
Number of lectures and workshops....................	5,398	4,229	2,421	...	- 2,421
Subtotal obligations...........	$ 1,294	$ 888	$ 581	$ ...	$- 581
Training equipment, supplies and services:					
Equipment......................	$ 16	$ 15	$ 15	$ ...	$- 15
Supplies.......................	501	519	486	...	- 486
Shipment presentation, rent and utilities obligations....	14	21	18	...	- 18
Printing and reproduction......	7	12	10	...	- 10
Subtotal obligations...........	538	567	529	...	- 529
Total obligations................	$10,807	$ 9,545	$ 8,556	$ ...	$- 8,556

HEALTH PROFESSIONAL SCHOLARSHIP PROGRAM

PROGRAM DESCRIPTION

The Veterans Administration's (VA) Health professional scholarship program was initially authorized by P.L. 96-330 in August 1980. This competitive program was designed to increase the supply of nurses for employment by the VA. Other health care professionals could have been declared eligible if needed by VA. The basic goals of the program were:

1. To assist in accomplishing the Agency's mission by recruiting and retaining a cadre of career-oriented nurses;
2. To place scholarship recipients with service obligations in VA health care facilities where health care personnel shortages exist; and
3. To assist in meeting the health personnel needs of the nation.

No new awards have been made since 1985. The 1986 budget provided sufficient funds to complete the obligations made to participants and no new awards are anticipated.

EMPLOYMENT AND OBLIGATIONS BY OBJECT

(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average employment (FTEE).....	7	...	...	...	...
Obligations by object:					
10 Personal services.........	$ 297	...	...	...	...
21 Travel and transportation of persons:					
Employee travel.........	4	...	...	...	...
22 Transportation of things..	...	...	...	...	...
23 Communications, utilities, and other rent.........	16	...	...	...	...
24 Printing and reproduction	13	...	...	...	...
25 Other services...........	28	...	...	...	...
26 Supplies and materials...	2	...	...	...	...
31 Equipment................	...	...	...	...	...
41 Grants, subsidies and contributions:					
Stipends................	2,415	$ 1	$ 1	...	$- 1
Tuition and fees.......	1,598	302	292	...	- 292
Other educational expenses.............	191	50	45	...	- 45
Subtotal.............	4,204	353	338	...	- 338
Total obligations...........	$4,564	$ 353	$ 338	$ ...	$- 338

SUMMARY OF AWARDS

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Number of full-time awards:					
One year..................	49	...	...	...	...
More than one year.......	142	...	...	...	...
Total full-time awards.....	191	...	...	...	...
Number of part-time awards:					
New......................	69	...	...	...	...
Continuation.............	67	97	91	...	- 91
Total part-time awards.....	136	97	91	...	- 91
Total awards...............	327	97	91	...	- 91

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

APPROPRIATION LANGUAGE

For grants to assist the several States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify or alter existing hospital, nursing home and domiciliary facilities in State homes, for furnishing care to veterans, as authorized by law (38 U.S.C. 5031-5037), [$22,000,000] $42,400,000 to remain available until September 30, [1988] 1989.

[Sec. 416. Notwithstanding any other provision of this Act, amounts otherwise provided by this act for the following accounts and activities are reduced by the following amounts:]

["Grants for construction of State extended care facilities", $242,000;]

EXPLANATION OF LANGUAGE CHANGE

The language added to the 1986 Department of Housing and Urban Development - Independent Agencies Appropriation Act to reduce the appropriation by 1.1 percent is deleted.

PROGRAM DESCRIPTION

This program will provide grants to assist the States to acquire or construct State home facilities for furnishing domiciliary or nursing home care to veterans, and to expand, remodel or alter existing buildings for furnishing domiciliary, nursing home, or hospital care to veterans in State homes. A grant may not exceed 65 percent of the total cost of a project, and grants to any one State may not exceed one-third of the amount appropriated in any fiscal year. This program was approved on August 19, 1964 (Section 5031-5037, Title 38, U.S.C.) and authorized an appropriation of $5 million per year for a period of five years beginning in 1965. Public Law 90-432, dated July 26, 1968, extended the authority from 5 years to 10 years, and Public Law 93-82, dated August 2, 1973, extended the authority from 10 years to 15 years. Public Law 95-62, dated July 5, 1977, provided for a single authorization of $15 million with Veterans Administration (VA) participation in construction of new domiciliaries as well as new nursing homes, and for sums appropriated to remain available until expended. Public Law 96-151, approved December 20, 1979 continued the authorization of $15 million through 1980, and provided for such sums as were necessary for 1981 and 1982. Public Law 97-251 extended authorization for this program through 1986. Public Law 98-528 amended section 5032 to allow States to purchase facilities to be used as State nursing homes and domiciliaries. Legislation is being proposed to eliminate the one-third limitation (currently grants to any one State may not exceed one-third of the amount appropriated in any fiscal year).

Legislation is being proposed to extend program authorization through September 30, 1991.

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Appropriation.................	$34,500	$20,822	$42,400	$+21,578
Obligations...................	29,136	39,654	25,672	-13,982
Outlays.......................	20,364	20,148	25,504	+ 5,356

SUMMARY OF BUDGET REQUEST

The 1987 appropriation request of $42,400,000 will provide for four projects which will produce 120 nursing home, 126 convertible and 150 domiciliary beds as well as 12 non-bed producing renovation projects in eight states.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate 1/	Current Estimate PL 99-160 with adj. 2/	Current Estimate Adj. for PL 99-177 3/	Current Est.	Current vs. Budget
Appropriation............	$22,000	$21,758	$-936	$20,822	$- 1,178
Obligations..............	24,955	40,418	-764	39,654	+14,699
Outlays..................	24,125	20,148	...	20,148	- 3,977

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

Although Congress reduced the appropriation request by $242,000, estimated obligations will be higher than originally anticipated. Obligations for projects delayed in 1985 primarily account for the 1986 increase.

The appropriation level is estimatd to be lowered by $936,000 as a result of sequestration pursuant to PL 99-177 (the Balanced Budget and Emergency Deficit Control Act of 1985).

PROGRAM SUMMARY
(dollars in thousands)

	1985 Actual	1986 Budget	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Budget authority.....	$ 34,500	$ 22,000	$ 20,822	$ 42,400	$+21,578
Unobligated balance start-of-year......	17,301	9,889	22,665	3,833	-18,832
Unobligated balance end-of-year........	-22,665	- 6,934	- 3,833	-20,561	-16,728
Total obligations	29,136	24,955	39,654	25,672	-13,982
Outlays..............	$ 20,364	$ 24,125	$ 20,148	$25,504	$+ 5,356

A total of $225,298,000 has been appropriated for the period 1966 through 1986. As of September 30, 1985 funds have been obligated for the following projects.

Location	Projects		Number of New Beds	Total Estimated Cost (000)	Actual VA Obligations (000)
	With Beds	W/O Beds			
Ardmore, OK	1	1	100	$ 2,295	$ 1,492
Augusta, GA	1	...	192	1,956	978
Augusta, ME	1	...	120	4,472	2,907
Barboursville, WV	2	...	201	4,060	2,508
Bennington, VT	4	2	185	11,737	6,883
Boise, ID	1	...	90	2,223	1,368
Bristol, RI	2	...	315	4,611	2,891
Buffalo, WY	1	1	60	3,191	1,967
Charlotte Hall, MD	3	...	378	19,556	12,223
Chelsea, MA	...	15	...	5,160	2,762
Clinton, OK	1	2	36	758	471
Columbia Falls, MT	1	...	40	449	220
Columbia, SC	1	...	115	1,982	687
Erie, PA	1	3	75	5,013	2,349
Florence, CO	1	...	120	1,331	848
Ft. Dodge, KS	1	...	88	830	415
Grand Island, NE	2	1	200	3,300	1,333
Grand Rapids, MI	1	1	537	21,754	12,844
Hastings, MN	...	1	...	1,969	1,279
Hollidaysburg, PA	2	1	412	6,989	4,414
Holyoke, MA	1	9	155	2,848	1,324
Homelake, CO	...	5	...	924	598
Hot Springs, SD	...	2	...	72	47
Jackson, LA	1	...	235	8,675	5,000
King, WI	3	6	445	14,984	8,352
Lafayette, IN	2	...	250	12,532	6,126
Lisbon, ND	...	2	...	1,781	1,158
Little Rock, AR	1	...	150	1,912	1,243
Manteno, IL	1	...	300	18,094	11,761
Marquette, MI	...	1	...	4,289	2,788
Marshalltown, IA	3	15	620	26,611	16,840
Menlo Park, NJ	2	2	200	5,187	2,696
Mexico, MO	1	...	150	6,336	4,105
Milledgeville, GA	1	1	132	5,849	2,626
Minneapolis, MN	1	4	250	9,513	6,178
Norman, OK	1	1	50	493	246
Orting, WA	1	10	40	4,382	2,805
Paramus, NJ	1	...	114	9,715	5,926
Quincy, IL	1	3	200	4,123	2,254
Retsil, WA	1	7	78	5,236	3,383
Rocky Hill, CT	...	8	...	3,287	1,921
St. James, MO	1	1	60	1,569	848
Sandusky, OH	1	1	300	17,675	11,289
Scotts Bluff, NE	1	1	50	2,693	1,751
Sulfur, OK	...	1	...	107	69
Tilton, NH	2	...	100	2,516	1,485
Truth or Consequences, NM	...	1	...	5,400	3,476
Vineland, NJ	3	1	300	8,131	3,279
Yountville, CA	...	8	...	13,349	8,666
Grand totals	57	118	7,443	$301,919	$179,079

GRANTS TO THE REPUBLIC OF THE PHILIPPINES

APPROPRIATION LANGUAGE

For payment to the Republic of the Philippines of grants, as authorized by law (38 U.S.C. 632), for assisting in the replacement and upgrading of equipment and in rehabilitating the physical plant and facilities of the Veterans Memorial Medical Center, $500,000 to remain available until September 30, [1987] 1988.

[Sec. 416. Notwithstanding any other provision of this Act, amounts otherwise provided by this Act for the following accounts and activities are reduced by the following amounts:]

["Grants to the Republic of the Philippines", $5,500;]

EXPLANATION OF LANGUAGE CHANGE

The language added to the 1986 Department of Housing and Urban Development - Independent Agencies Appropriation Act to reduce the appropriation by 1.1 percent is deleted.

PROGRAM DESCRIPTION

Public Law 97-72, enacted to assure the continued effective care and treatment of U.S. veterans in the Veterans Memorial Medical Center (VMMC), provides authorization for an annual grant of $500,000 through 1986. Legislation is being proposed to extend this authorization through September 30, 1988. Construction of the Center was authorized by Congress in 1948; it is now about 32 years old. Equipment replacement and upgrading are necessary to maintain an acceptable level of medical care. Facility and plant are aging and are in need of rehabilitation to remain in service.

The annual grant authorized by Public Law 97-72 is intended to help meet these needs. Funds appropriated are to be used only for equipment replacement and upgrading or rehabilitation of plant and facilities.

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Appropriation.............	$500	$ 474	$500	$+ 26
Obligations...............	505	926	500	$-426
Outlays...................	339	1,063	486	-577

SUMMARY OF BUDGET REQUEST

An appropriation of $500,000 is requested to provide grants to replace and upgrade equipment and to rehabilitate the plant and facilities of the VMMC.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate 1/	Current Estimate		Current Est. 3/	Current vs. Budget
		PL 99-160 with adj. 2/	Adj. for PL 99-177		
Appropriation................	$500	$ 495	$-21	$ 474	$- 26
Obligations..................	500	947	-21	926	+426
Outlays......................	500	1,070	- 7	1,063	+563

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The appropriation level is estimated to be lowered by $21,000 as a result of sequestration pursuant to PL 99-177 (the Balanced Budget and Emergency Deficit Control Act of 1985). Total outlays exceed the original budget request due to the unobligated 1985 balances now estimated to be obligated and outlayed in 1986.

ANALYSIS OF INCREASES AND DECREASES - OBLIGATIONS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year obligations..................	$ 505	$ 926
Increases and decreases:		
Hospital equipment, plant and facilities rehabilitation...........	+421	-426
Estimated obligations....................	$ 926	$ 500

PROGRAM SUMMARY
(dollars in thousands)

Obligations and Budget Authority	1985 Actual	1986		1987 Estimate	Increase(+) Decrease(-)
		Budget Estimate	Current Estimate		
Hospital equipment, plant and facilities rehabilitation grants - total obligations..	$505	$500	$ 926	$500	$-426
Unobligated balance available: Start-of-year.........	-458	...	-452	...	+452
End-of-year..........	452	...	...	...	...
Unobligated balance lapsing..............	1	...	...	...	...
Budget authority......	$ 500	$500	$ 474	$500	$+ 26

ASSISTANCE FOR HEALTH MANPOWER TRAINING INSTITUTIONS

PROGRAM DESCRIPTION

The Veterans Administration Medical School Assistance and Health Manpower Training Act (Public Law 92-541) amended Title 38 of the United States Code by adding chapter 82. This chapter authorized appropriations in the amount of $75 million for each of seven years. The Veterans Administration Programs Extension Act of 1978 (Public Law 95-520) provided for the authorization of appropriations necessary for fully meeting the commitments entered into by the Administrator prior to May 1, 1978. The Veterans Health Program Extension and Improvement Act of 1979 (Public Law 96-151) provided authorization for an appropriation of $15 million for 1980, $25 million for 1981 and $30 million for 1982 to support activities related to affiliated medical schools and other health manpower training institutions. A 1979 supplemental appropriation, combined with funds previously appropriated, allowed for full support of all approved program commitments.

Assistance in establishment of new State medical schools. Public Law 92-541 provided authorization for an annual appropriation of $25 million to provide assistance in the establishment of not more than eight new medical schools, within the academic framework of State universities, to be operated in affiliation with Veterans Administration (VA) medical facilities. Funds appropriated under this authority are restricted by the statute for this purpose. Public Law 96-151 amended the authority so that the Administrator could not enter into any new agreement under this subchapter after September 30, 1979.

Assistance to affiliated medical schools and other health manpower training institutions. Public Law 92-541 provided authorization for an annual appropriation of $50 million to provide grants to affiliated medical schools, other health manpower training institutions and for expansion of VA hospital education and training capacities. Public Law 96-151 provided authorization for an annual appropriation of $15 million in 1980, $25 million in 1981, and $30 million in 1982.

(1) Grants may be awarded to established medical schools which have maintained affiliations with the VA, to assist such schools and improve their physician training capacities and to cooperate with other health manpower training institutions to improve health manpower utilization.

(2) Grants may be awarded to other health manpower institutions affiliated with the VA to provide assistance in the establishment of programs designed to coordinate, improve and expand the training, utilization and distribution of professional and technical allied health personnel.

(3) Expansion of VA hospital education and training capacity is provided for necessary improvements to VA buildings and structures, including equipment to make them suitable for use in health manpower education and training in cooperation with other institutions and organizations; and to provide funds to VA medical centers for the development or initiation of improved methods of educating and training health personnel. Support for this activity is specifically limited to 30 percent or less of the above $50 million or of the actual appropriation level.

SUMMARY OF BUDGET REQUEST

The Veterans Administration Medical School Assistance and Health Manpower Training Act of 1972 authorized no new appropriations beyond 1979. It was amended by the Veterans Health Program Extension and Improvement Act of 1979 which authorized the appropriation of $15 million in 1980, $25 million in 1981, and $30 million in 1982. No appropriations have been requested beyond 1979. Funds previously appropriated have been obligated to fully meet commitments approved by the Administrator. No appropriation action is required.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate	Current Estimate	Current Est. vs. Budget
Appropriation by activity:			
Grants for new State medical schools	...	...	...
Other health manpower training institutions	...	...	...
Total	...	...	...
Obligations by activity:			
Grants for new State medical schools	...	...	...
Other health manpower training institutions	...	...	...
Total	...	...	...
Unobligated balance, start-of-year:			
Grants for new State medical schools	...	...	...
Other health manpower training institutions	...	...	...
Total	...	...	...
Unobligated balance, end-of-year:			
Grants for new State medical schools	...	...	...
Other health manpower training institutions	...	...	...
Total	...	...	...
Outlays	...	$1,680	$+1,680

The increase of $1,680,000 over the budget estimate is the result of previous year obligations not being outlayed in 1985, as planned.

ANALYSIS OF INCREASES AND DECREASES - OBLIGATIONS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year obligations	$ 1,022	...
Increases and decreases:		
Grants for new state medical schools	-1,022	...
Other health manpower training institutions	...	...
Net change	-1,022	...
Estimated obligations	...	...

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Annual authorization:					
Grants for new State medical schools.......	...	...	...	...	...
Other health manpower training institutions	...	...	...	...	...
Total....................	...	...	...	...	...
Appropriation:					
Grants for new State medical schools.......	...	...	...	...	...
Other health manpower training institutions	...	...	...	...	...
Total....................	...	...	...	...	...
Obligations by activity:					
Grants for new State medical schools.......	$1,022	...	...	...	...
Other health manpower training institutions	...	...	...	...	...
Total....................	1,022	...	...	...	...
Unobligated balances brought forward:					
Grants for new State medical schools.......	814	...	...	...	...
Other health manpower training institutions	264	...	...	...	...
Total....................	1,078	...	...	...	...
Unobligated balances lapsing					
Other health manpower training institutions.	56	...	...	...	...
Unobligated balances carried forward:					
Grants for new State medical schools.......	...	...	...	...	...
Other health manpower training institutions	...	...	...	...	...
Total....................	...	...	...	...	...
Outlays....................	$2,171	...	$1,680	...	$-1,680

REVOLVING AND TRUST FUNDS

Page No.

Canteen Service Revolving Fund 11-3

Special Therapeutic and Rehabilitation Activities Fund 11-7

General Post Fund (Trust) 11-9

CANTEEN SERVICE REVOLVING FUND

PROGRAM DESCRIPTION

The Veterans Canteen Service (VCS) was established by Congress in 1946 to furnish at reasonable prices merchandise and services necessary for the comfort and well-being of veterans in hospitals and domiciliaries operated by the Veterans Administration (VA) (38 U.S.C. 4201-08).

The Congress originally appropriated a total of $4,965,000 for the operation of the VCS and no additional appropriations have been required. Funds in excess of the needs of the VCS totaling $12,068,000 have been paid to the Treasury.

At the end of 1985, canteens were in operation at all VA medical centers and domiciliaries.

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Total revenue................	$183,035	$187,934	$193,001	$+ 5,067
Obligations..................	178,625	182,310	193,537	+11,227
Outlays......................	- 11,027	-5,411	1,474	+ 6,885
Average employment..........	3,443	3,530	3,530	...

SUMMARY OF BUDGET REQUEST

No appropriation by the Congress will be required for the operation of the VCS during 1987. The VCS is a self-sustaining, non-appropriated revolving fund activity which obtains its revenues from non-Federal sources. Therefore, no Congressional action is required. The VCS functions independently within the VA and has primary control over its major activities including sales, procurement, supply, finance and personnel management.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate	Rev. Budget Estimate	Adj. for 1/ PL 99-177	Current Estimate	Current Est. vs. Budget
Total revenue......	$196,824	$187,934	...	$187,934	...
Obligations........	197,310	190,414	-8,104	182,310	$-15,000
Outlays............	- 307	2,693	-8,104	- 5,411	- 5,104
Average employment.	3,530	3,530	...	3,530	...

1/ The Balanced Budget and Emergency Deficit Control Act of 1985 provides that new spending authority as defined in Section 401(c)(2) of the Congressional Budget Act of 1974, which includes offsetting collections, is sequesterable.

The changes from the original 1986 budget estimate are based on current sales trends and reflect anticipated program activities and requirements related to the actual 1985 experience and include restoration of the five percent government-wide pay reduction.

The increase in outlays is a result of the one time delay of certain payments from September 1985 (Fiscal Year 1985) into October 1985 (Fiscal Year 1986).

ANALYSIS OF INCREASES AND DECREASES - OBLIGATIONS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year obligations..........................	$ 178,625	$ 182,310
Increases and decreases:		
Cost of goods sold..........................	+ 8,516	+ 830
Salaries and wages..........................	+ 1,480	+ 1,498
Operating expenses..........................	- 7,723	+ 8,545
Indirect expenses..........................	+ 7	+ 90
Capital outlay..............................	+ 1,405	+ 264
Net Change.......................	+ 3,685	+ 11,227
Estimated obligations.........................	$ 182,310	$ 193,537

EXPLANATION OF INCREASES AND DECREASES

Increases in cost of goods sold reflect the additional expenses and changes in selected resources related to providing the goods for sale needed to meet projected increases in sales program revenue plus inflation.

Increases in salaries and wages are the result of anticipated increased labor costs for wage-board employees.

The 1986 decrease in operating expenses reflects the impact of the Balanced Budget and Emergency Deficit Control Act of 1985 (PL 99-177).

The capital outlay increases are generated principally by anticipated needs for equipment for canteen projects.

SUMMARY OF EMPLOYMENT

In the area of personnel management, the Veterans Canteen Service (VCS) uses several techniques that are generally applied in commercial retail chain store and cafeteria operations. Major consideration is given to salary expense in relation to sales. Salary expense data are provided to management personnel periodically for each department in each canteen, as well as consolidated data for each field office and the total VCS. These data are compared to the corresponding period for the previous year and to the budget. This has been and will continue to be an effective control.

The following chart reflects the full-time equivalent employment (FTEE) for 1985 through 1987.

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
FTEE........................	3,443	3,530	3,530	3,530	...

REVENUE AND EXPENSE
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Sales program:					
Revenue....................	$ 183,035	$ 196,824	$ 187,934	$ 193,001	$+ 5,067
Expense....................	-179,745	-195,275	-176,405	-189,501	-13,096
Net operating income sales program...	3,290	1,549	11,529	3,500	- 8,029
Nonoperating income or loss (-):					
Proceeds from sale of equipment............	29	62	58	52	- 6
Net book value of assets sold.........	- 121	- 218	- 214	- 227	- 13
Net loss (-) from sale of equipment........	- 92	- 156	- 156	- 175	- 19
Miscellaneous income.....	641	277	469	662	+ 193
Net nonoperating income................	+ 549	+ 121	+ 313	+ 487	+ 174
Net income for the year..................	$ 3,839	$ 1,670	$ 11,842	$ 3,987	$- 7,855

FINANCIAL CONDITION

The current assets of the VCS consist of cash, accounts receivable, merchandise inventories and other assets. At the close of 1987 it is expected that cash on hand and on deposit will be $31,368,000. It is estimated that accounts receivable, consisting mainly of amounts due from funds of incompetent patients, will be $2,500,000. A capital investment inventory of $26,876,000 will be required. Other assets should amount to $50,000. Current assets are estimated to be $60,794,000. Current liabilities are estimated to be $17,632,000. This amount will be made up of trade accounts payable, accrued payrolls and payroll related personnel benefits, accrued leave and other accrued liabilities. The total working capital (current assets less current liabilities) as detailed on the following page will amount to $43,162,000. It is estimated that the net investment in equipment will amount to $16,224,000.

FINANCIAL CONDITION

(dollars in thousands)

		1986		
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate
Assets:				
Cash with Treasury, in banks, on hand, and in transit......	$35,535	$25,319	$32,842	$31,368
Accounts receivable (net)......	1,610	2,500	2,500	2,500
Inventories....................	24,065	25,277	25,709	26,876
Real property and equipment (net)........................	13,917	15,167	15,023	16,224
Other assets (net)............	50	20	50	50
Total assets..................	75,177	68,283	76,124	77,018
Liabilities:				
Accounts payable including funded accrued liabilities...	20,009	13,100	17,159	14,007
Unfunded annual leave and coupon books................	3,507	3,671	3,566	3,625
Total liabilities.............	23,516	16,771	20,725	17,632
Government equity:				
Unexpended balance:				
Unobligated balance..........	10,118	5,219	8,165	8,343
Undelivered orders...........	7,068	9,520	10,068	11,568
Invested capital..............	34,475	36,773	37,166	39,475
Total Government equity (end-of-year)...............	$51,661	$51,512	$55,399	$59,386

GOVERNMENT EQUITY

(dollars in thousands)

		1986		
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate
Paid in capital:				
Opening balance...............	$ 383	$ 383	$ 383	$ 383
Closing balance...............	383	383	383	383
Retained income:				
Opening balance..............	47,439	49,459	51,278	55,016
Transactions:				
Net operating income.......	3,290	1,549	11,529	3,500
Net nonoperating gain......	549	121	313	487
Unobligated balance lapsing	...	...	-8,104	...
Closing balance..............	51,278	51,129	55,016	59,003
Total Government equity: (end-of-year)...............	$51,661	$51,512	$55,399	$59,386

SPECIAL THERAPEUTIC AND REHABILITATION ACTIVITIES FUND

PROGRAM DESCRIPTION

This revolving fund, established pursuant to the Veterans Omnibus Health Care Act of 1976, Public Law 94-581, approved October 21, 1976, provides a mechanism for the furnishing of rehabilitative services to certain veteran beneficiaries who are receiving medical care and treatment from the Veterans Administration (VA).

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase(+) Decrease(-)
Appropriation..............	...	...	...	...
Obligations................	$ 2,102	$ 2,225	$ 2,350	$+125
Outlays.....................	- 112	- 130	- 30	+100

SUMMARY OF BUDGET REQUEST

This is a self-sustaining fund and therefore no appropriation is requested from Congress. Funds to operate the various rehabilitative activities and provide for the therapeutic work for remuneration of patients and members in VA health care facilities will be derived from contractual arrangements with private industry and/or nonprofit entities.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate	PL 99-160 with adj.	Adj. for PL 99-177 1/	Current Est.	Current Est. vs. Budget
Appropriation.	...	...	...	...	...
Obligations...	$ 2,325	$ 2,325	$-100	$ 2,225	$-100
Outlays.......	- 10	- 30	-100	- 130	-120

1/ The Balanced Budget and Emergency Deficit Control Act of 1985 provides that new spending authority as defined in Section 401(c)(2) of the Congressional Budget Act of 1974, which includes offsetting collections, is sequesterable.

REVENUE AND EXPENSE
(dollars in thousands)

		1986		
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate
Revenue.............	$ 2,239	$ 2,325	$ 2,325	$ 2,350
Expense.............	-2,070	-2,325	-2,225	-2,350
Net operating income............	$+ 169	...	$+ 100	...

FINANCIAL CONDITION
(dollars in thousands)

		1986		
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate
Assets:				
Fund balance with Treasury...........	$ 1,009	$ 917	$ 1,039	$ 1,069
Accounts receivable (net)..............	218	213	218	218
Real property and equipment (net)....	279	224	279	279
Total assets.....	1,506	1,354	1,536	1,566
Liabilities:				
Accounts payable, including funded accrued liabilities	79	99	109	139
Government equity (end-of-year)......	$ 1,427	$ 1,255	$ 1,427	$ 1,427

GENERAL POST FUND

PROGRAM DESCRIPTION

This trust fund consists of gifts, bequests and proceeds from the sale of property left in the care of Veterans Administration (VA) facilities by former beneficiaries who die leaving no heirs or without having otherwise disposed of their estate. Such funds are used to promote the comfort and welfare of veterans at hospitals and homes where no general appropriation is available (38 U.S.C., Chapters 83 and 85).

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Appropriation (permanent, indefinite)	$11,521	$13,500	$14,500	$+1,000
Obligations	10,604	12,500	13,500	+1,000
Outlays	11,400	12,500	13,500	+1,000

SUMMARY OF BUDGET REQUEST

Operations of this trust fund are financed from fund receipts. Congress has provided permanent indefinite budget authority for this fund. No appropriation action is required.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	1986		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Appropriation (permanent, indefinite)	$15,000	$13,500	$-1,500
Obligations	13,500	12,500	-1,000
Outlays	13,500	12,500	-1,000

Based on the September 30, 1985 actuals it is anticipated that the estimated appropriation (donations) will decrease by $1,500,000 below the original 1986 budget estimate with corresponding reductions in obligations and outlays.

PROGRAM ACTIVITY

It is estimated that fund obligations for 1986 and 1987 will be $12,500,000 and $13,500,000, respectively. The obligations are consistent with the purposes for which proceeds from the fund may legally be expended, (Comptroller General's Decision B-125715, November 10, 1955), and the intent of the donors. Donors usually specify that their donations be used for designated recreational or religious projects or equipment purchases.

The invested reserve of approximately $16,930,000 will be increased in both 1986 and 1987. The $9.4 million increase in the 1986 current estimate is the direct result of 1985 efforts to reduce the cash balance. This level of investment exceeds the requirement to retain five times the total amount paid on claims during the preceding five year period.

Cash receipts from donations and estates for 1986 and 1987 are estimated to be $11,500,000 and $12,500,000 respectively.

FINANCIAL ACTIONS AND CONDITION
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Balance beginning of period:					
Equipment and facilities...	$25,896	$30,608	$30,639	$35,382	$+4,743
Investments................	7,346	7,500	16,930	17,400	+ 470
Cash.......................	9,939	11,285	1,272	1,802	+ 530
Total..................	43,181	49,393	48,841	54,584	+5,743
Increase during period:					
Equipment and facilities...	4,743	4,712	4,743	4,743	...
Interest on investment.....	1,900	550	2,000	2,000	...
Cash receipts from donations, estates, etc......	9,621	14,450	11,500	12,500	+1,000
Total..................	16,264	19,712	18,243	19,243	+1,000
Decrease during period:					
Supplies and services......	10,579	13,440	12,470	13,470	+1,000
Settlement of estates and claims.................	25	60	30	30	...
Total..................	10,604	13,500	12,500	13,500	+1,000
Balance at end of period:					
Equipment and facilities...	30,639	35,320	35,382	40,125	+4,743
Investments................	16,930	8,000	17,400	17,500	+ 100
Cash.......................	1,272	12,285	1,802	2,702	+ 900
Total..................	$48,841	$55,605	$54,584	$60,327	$+5,743

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CONSTRUCTION PROGRAM
CONSOLIDATED SUMMARY OF 1987 REQUEST
(dollars in thousands)

A. Medical Program	
Replacement and modernization	$212,400
Nursing home care	4,000
Research and education	11,800
Outpatient improvements	1,500
Other improvements	193,785
Advance planning fund	(5,000)
Asbestos abatement	(9,908)
Clinical improvements	(94,660)
Design fund	(19,000)
Electrical improvements	(8,100)
Fire and safety improvements	(10,400)
General projects	(22,700)
Heating, ventilating, and air conditioning	(2,000)
Miscellaneous projects	(22,017)
B. Regional Office Program	1,900
C. National Cemetery Program	3,600
D. Staff Offices	5,000
E. Emergency Fund	300
F. General Administration	38,885
Subtotal, program level request	$473,170
Less: FY 1986 design fund	- 8,000
Total, program level request	$465,170
Less: reprogrammings from prior appropriations	- 57,000
Budget authority	$408,170

CONSTRUCTION, MAJOR PROJECTS

APPROPRIATION LANGUAGE

For constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Veterans Administration, or for any of the purposes set forth in sections 1004, 1006, 5002, 5003, 5006, 5008, 5009, and 5010 of title 38, United States Code, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is $2,000,000 or more or where funds for a project were made available in a previous major project appropriation, [$507,360,000] $301,208,000, to remain available until expended: Provided, That, except for advance planning of projects funded through the Advance Planning Fund and the design of projects funded through the Design Fund, none of these funds shall be used for any project which has not been considered and approved by the Congress in the budgetary process: Provided further, That funds provided in the appropriation "Construction, major projects" for fiscal year [1986] 1987, for each approved project shall be obligated (1) by the awarding of a working drawings contract by September 30, [1986] 1987 and (2) by the awarding of a construction contract by September 30, [1987] 1988: Provided further, That the Administrator shall promptly report in writing to the Comptroller General and to the Committees on Appropriations any approved major construction project in which obligations are not incurred within the time limitations established above; and the Comptroller General shall review the report in accordance with the procedures established by section 1015 of the Impoundment Control Act of 1974 (title X of Public Law 93-344): Provided further, That no funds from any other account may be obligated for constructing, altering, extending, or improving a project which was approved in the budget process and funded in this account until one year after substantial completion and beneficial occupancy by the Veterans Administration of the project or any part thereof with respect to that part only: [Provided further, That the final proviso under this heading in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1984 (Public Law 98-45) and the penultimate proviso under this heading in the Departme[illegible]ng and Urban Development-Independent Agencies Appropriation Act, 1985 (Public Law 98-3[illegible] hereby repealed:] Provided further, That prior to the issuance of a bidding document for any construction contract for a project approved under this heading (excluding completion items), the director of the affected Veterans Administration medical facility must certify that the design of such project is acceptable from a patient care standpoint. (Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1985.)

EXPLANATION OF LANGUAGE CHANGE

Language is amended to delete language specific to fiscal years 1985 and 1986 as shown.

PROGRAM DESCRIPTION

The Construction, major projects appropriation provides for constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Veterans Administration, including planning, architectural and engineering services and site acquisition where the estimated cost of a project is $2,000,000 or more.

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate 1/	1987 Estimate	Increase (+) Decrease (-)
Program level request	$727,594	$577,200	$665,544	$358,208	$-307,336
Less: Reprogrammings from prior appropriations ...	-159,400	-160,000	-180,000	- 57,000	+123,000
Budget authority	568,194	417,200	485,544	301,208	-184,336
Obligations	309,991	877,465	646,606	922,870	+276,264
Outlays	397,966	581,100	424,804	536,688	+111,884
Average employment (P&H) 2/ ...	49	30	50	50	...

1/ This estimate reflects the effects of P.L. 99-177. Please refer to "Changes from Original 1986 President's Budget Request" on page 13-2 for greater detail.

2/ Purchase and Hire (P&H) employees are non-ceiling personnel and are funded as part of the construction project cost.

CONSTRUCTION, MAJOR PROJECTS

SUMMARY OF BUDGET REQUEST

A construction program of $358,208,000 is requested for 1987 to be financed with new budget authority of $301,208,000 and reprogramming from prior appropriations in the amount of $57,000,000. A summary of the program funding level by activity follows:

		1987 Estimate (dollars in thousands)
A. Medical Program		$365,608
Replacement and modernization	$212,400	
Research and education	9,300	
Other improvements	143,908	
Advance planning fund	(5,000)	
Asbestos abatement	(9,908)	
Clinical improvements	(85,300)	
Design fund	(19,000)	
Electrical improvements	(6,600)	
Fire and safety improvements	(8,400)	
General projects	(9,700)	
B. National Cemetery Program		600
Subtotal Construction, major projects program level		$366,208
Less: FY 1986 design fund		- 8,000
Total Construction, major projects program level		$358,208
Less: reprogrammings from prior appropriations		- 57,000
Total budget authority		$301,208

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			Current Estimate vs. Budget
	Budget Estimate	P.L. 99-160 1/	P.L. 99-177 adj. 2/	Current Estimate	
Budget authority	$417,200	$507,360	$-21,816	$485,544	$+ 68,344
Obligations	877,465	649,017	- 2,411	646,606	-230,859
Outlays	581,100	425,452	- 648	424,804	-156,296
Average employment (FTEE):					
Purchase and hire	30	50	...	50	+20

1/ Adjusted for Congressional action and current year re-estimates.

2/ Balanced Budget and Emergency Deficit Control Act of 1985.

Narrative Explanation

Revised schedules and actual contract award information are reflected in the current estimates for obligations and outlays, resulting in decreases from the original budget estimates.

Reductions from P.L. 99-160 in our "Current Estimate" column reflect the result of the Balanced Budget and Emergency Control Act of 1985 (P.L. 99-177).

CONSTRUCTION - MAJOR PROJECTS
PROGRAM DESCRIPTION AND DETAIL OF REQUEST

A program level of $358,208,000 is requested for the construction projects listed below. The program will be funded by reprogrammings from prior appropriations in the amount of $57,000,000 and by new budget authority of $301,208,000.

Location	Description	Total Estimated Cost	Available Thru 1986	1987 Request	For Future Consider-ation
		(dollars in thousands)			
A. **Medical Program:**					
Replacement and Modernization:					
Augusta(Uptown Division), GA	Replacement Medical Center	$ 97,000	$12,400	$ 84,600	...
Baltimore, MD	Replacement Medical Center	121,000	10,800	110,200	...
Dayton, OH	Bed Replacement and Modernization	84,000	...	8,400	$75,600
North Chicago, IL	Environmental Improvements, Patient and Nursing Home Care Buildings	92,000	...	9,200	82,800
	Subtotal	394,000	23,200	212,400	158,400
Research and Education:					
White River Junction, VT	Research and Education Building ..	9,300	...	9,300	...
	Subtotal	9,300	...	9,300	...
Other Improvements:					
Advance Planning Fund:					
Various Stations		5,000	...	5,000	...
	Subtotal	5,000	...	5,000	...
Asbestos Abatement:					
Various Stations		9,908	...	9,908	...
	Subtotal	9,908	...	9,908	...
Clinical Improvements:					
Salem, VA	Outpatient, Clinical and Nursing Unit Addition	66,300	...	66,300	...
Salisbury, NC	Geropsychiatric Building	19,000	...	19,000	...
	Subtotal	85,300	...	85,300	...
Design Fund:					
Various Stations		19,000	...	19,000	...
	Subtotal	19,000	...	19,000	...
Electrical Improvements:					
Salt Lake City, UT	Electrical Distribution	6,600	...	6,600	...
	Subtotal	6,600	...	6,600	...
Fire and Safety Improvements:					
Milwaukee(Wood), WI	Fire and Safety Improvements	8,400	...	8,400	...
	Subtotal	8,400	...	8,400	...

CONSTRUCTION - MAJOR PROJECTS (Continued)
PROGRAM DESCRIPTION AND DETAIL OF REQUEST

Location	Description	Total Estimated Cost	Available Thru 1986	1987 Request	For Future Consideration
		(dollars in thousands)			
General Projects:					
Waco, TX	Renovate Buildings 10 and 90	$9,700	...	$9,700	...
	Subtotal	9,700	...	9,700	...
Subtotal, Major, Department of Medicine and Surgery		$547,208	$23,200	$365,608	$158,400
B. National Cemetery Program:					
Various Stations	Design Fund	600	...	600	...
Subtotal, Major, Department of Memorial Affairs		600	...	600	...
Subtotal, Construction Program Level Request, Major Projects		$547,808	$23,200	$366,208	$158,400
Less: FY 1986 Design Fund 1/		- 8,000	...	- 8,000	...
Total, Construction Program Level Request, Major Projects		$539,808	$23,200	$358,208	$158,400

1/ This amount represents all technical services funded from the Design Fund that are included in the individual project's total estimated costs.

CONSTRUCTION - MAJOR PROSPECTUS INDEX

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Baltimore, MD	Replacement Medical Center	13-10
Dayton, OH	Bed Replacement and Modernization	13-13
Milwaukee(Wood), WI	Fire and Safety Improvements	13-16
North Chicago, IL	Environmental Improvements, Patient and Nursing Home Care Buildings	13-18
Salem, VA	Outpatient, Clinical and Nursing Unit Addition	13-21
Salisbury, NC	Geropsychiatric Building	13-24
Salt Lake City, UT	Electrical Distribution	13-27
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White River Junction, VT	Research and Education Building	13-32
Various Stations	Advance Planning Fund	13-34
Various Stations	Asbestos Abatement	13-35
Various Stations	Design Fund	13-36

Included in each prospectus is the total estimated cost of the project, other descriptive information, and the estimated annual recurring and nonrecurring operating costs expected upon project completion. The future operating costs, particularly the additional staffing requirements, are preliminary estimates and may need to be revised as staffing criteria are established and issued.

Construction, Major Projects
VAMC Augusta (Uptown Division), Georgia
Replacement Medical Center

I. Budget Authority

Total Estimated Cost	Available Thru 1986	1987 Request	1988 or Future
$97,000,000	$12,400,000	$84,600,000	...

II. Description of Project

This project proposes to correct present deficiencies through the replacement of most of the existing facility's buildings. Buildings 19 and 20 will remain and will continue in use for administrative functions. Building 18 will remain and be renovated for temporary housing of an alcohol treatment ward during construction of the replacement medical center. Building 96 will be retained as the laundry and Building 82 will be retained for dietetics. New construction will consolidate the outpatient and clinical support functions. The inpatient beds will be consolidated directly above the outpatient and clinical support facilities. The bed level, with all beds being located in new construction, for the replacement medical center will be: 340 psychiatric, 70 alcohol, 180 intermediate, 60 nursing home care (NHC). This reflects a reduction of 132 hospital and an increase of 20 NHC beds in the current authorized bed level, or a total of 650 beds.

The 1995 parking analysis shows a need for 912 parking spaces. Considering the existing spaces, this results in a deficit of 225 parking spaces. The project will provide approximately 920 parking spaces, including the 663 spaces displaced by new construction.

Demolition of Buildings 1-8, 12, 13, 14, 21, and eventually 34, will require compliance with the National Historic Preservation Act of 1966, Section 106. The structures will be recorded as required and coordination will occur with both the State and Federal authorities. The potential for a determination of adverse effect does exist in relation to the removal of Building 34. If a determination of adverse effect does result, the VA will be required to negotiate a mitigation plan before Building 34 is demolished.

An environmental assessment was accomplished with a finding of no significant impact and was published in the Federal Register on May 27, 1983.

III. Justification for Project

The Uptown Division is a campus type facility with 41 buildings on the site with various styles of architecture. Of the 41 buildings, twelve are individual bed buildings. Four of the bed buildings were constructed in 1921, four in 1923, two in 1932, and one each in 1945 and 1954.

A recent technical assessment confirmed numerous physical deficiencies and fire and safety deficiencies in virtually all existing buildings. Continued use of these structures would require extensive rehabilitation of all building systems and installation of new systems such as heating, ventilation, air conditioning and electrical service. None of the existing buildings are seismically reinforced. Therefore, further use of such buildings would require extensive bracing for continued patient safety.

Most of the services and functions at the Uptown Division are operating below space planning criteria and at sub-accreditation standards. Patient privacy deficiencies and inadequate toilet and bathing facilities are conspicuous in all nursing units. The necessary adjacencies between many critical areas are seriously inadequate. Many departments and services are fragmented and dispersed. The bed buildings are widely dispersed over the entire campus.

Additional resources will be required to meet increased demand for inpatient and outpatient care, and to maintain and care for more sophisticated medical equipment and treatment modalities. Cost avoidance may occur due to more energy efficient construction, and other design and construction improvements, but is difficult to document and not obtainable.

In the Department of Medicine and Surgery's 1986-1990 Five-Year Medical Facility Construction Needs Assessment, Augusta (Uptown Division) appears on the list of medical centers currently judged most in need of construction, replacement, or major modernization.

IV. Background

There were three alternatives developed for this project. All of the alternatives retained the existing laundry (Building 96), dietetics (Building 82), and administration (Buildings 18, 19, and 20).

> Alternative 1: This alternative would provide renovation of Building 94 for a NHC unit, Building 76 for engineering, and Building 34 for ambulatory care. Construction of new bed buildings for psychiatry and intermediate care and a new warehouse would be included.

Construction, Major Projects
VAMC Augusta (Uptown Division), Georgia
Replacement Medical Center

- Alternative 2: This alternative would provide renovation of Building 76 for engineering. New construction for the bed buildings and clinical support services would also be included.

- Alternative 3: This alternative would provide replacement of all (except those mentioned above) bed buildings and support buildings.

All alternatives were developed using the following current and 1995 projected workloads.

	Current	Projected
Beds	722 (hospital) 40 (NHC)	590 (hospital) 60 (NHC)
Outpatient visits	24,503	51,900

Alternatives 1 and 2 were rejected because the cost of renovation involved would have been the same as new construction as a result of the seismic requirements. Further they would not have provided acceptable functional service locations and traffic patterns for the patients and staff.

Alternative 3 was selected because it would be operationally more cost effective. It would provide a consolidated medical care facility which would eliminate duplication of resources and provide the necessary space in which good quality medical care could be delivered. The seismic reinforcement could be included in the new construction without the problems inherent in renovating 1920's and 1930's buildings.

Public Law 99-166, Section 303, requires that the prospectus for projects proposing the construction of a new or replacement hospital describe the consideration that was given to acquiring an existing facility by lease or purchase. There was no formal consideration given to acquiring an existing facility as an alternative to this project. The Veterans Administration is presently developing procedures which will enable the identification and consideration of available existing facilities for acquisition as an alternative to new construction. These procedures will support compliance with the requirement of Section 303 in the future.

V. Correction of Code Deficiencies

New construction will be accomplished in accordance with Joint Commission on Accreditation of Hospitals, National Fire Protection Association, and handicapped accessibility codes and requirements.

VI. Schedule

Complete preliminary plans	11/14/83
Complete construction	10/17/90

VII. Project Cost Summary

		Cost
New Construction 679,399 gross square feet @ $95.29		$64,740,000
Alterations 26,180 gross square feet @ $73.76		1,931,000
Subtotal (new construction and alterations)		$66,671,000
Other Costs:		
a. Sitework, utilities, demolition and surface parking	$12,949,000	
b. Service tunnel and laundry addition	1,172,000	
c. Pavilion	173,000	
Total Other Costs	14,294,000	14,294,000
Total Estimated Base Construction Cost		$80,965,000
Construction Contingency (5 percent)	4,048,000	
SBA(8a) Allowance	N/A	
Contingency Reserve	4,048,000	4,048,000
Technical Services (7.5 percent)		6,376,000
Impact Costs		502,000
Utilities Agreements		100,000
Total Estimated Base Cost		$91,991,000
Inflation Allowance		5,009,000
Total Estimated Project Cost		$97,000,000

Construction, Major Projects
VAMC Augusta (Uptown Division), Georgia
Replacement Medical Center

VIII. Annual Operating, Staff and Equipment Cost

	Project Activation Costs		Present Facility Operating Costs	
Equipment cost		$21,000,000		N/A
One time non-recurring cost		1,300,000		N/A
Recurring costs:				
Additional manpower	FTE: 144	$4,176,000	FTE: 2073	$53,893,436
Other recurring		1,180,000		17,261,728
Total recurring		$5,356,000		$71,115,164

IX. Executive Order 12372 Compliance

The VA notified State and Areawide Clearinghouses on August 4, 1980. Favorable replies were received from both the State and Areawide Clearinghouses on September 3, 1980, and September 10, 1980, respectively.

Construction, Major Projects
VAMC Baltimore, Maryland
Replacement Medical Center

I. Budget Authority

Total Estimated Cost	Available Thru 1986	1987 Request	1988 or Future
$121,000,000	$ 10,800,000*	$110,200,000	...

*Funds shown as available through 1986 include $2,000,000 to update the original design completed in 1980.

II. Description of Project

This project proposes to construct a replacement medical center to be located adjacent to the University of Maryland Medical and Dental Schools. The Medical Center will be planned for 150 medical, 128 surgical, 36 psychiatric, and 10 dialysis beds. The present Baltimore (Loch Raven) Medical Center will be closed upon activation of the new hospital. The downtown outpatient clinic will also be closed and the workload transferred to the new medical center.

Parking for approximately 674 cars will be accommodated in a three-level underground parking garage. Because of the proximity of bus and subway systems, it is expected that a large percentage of the staff, visitors, and outpatients will arrive by way of public transportation.

The final environmental impact statement was prepared in September 1979. The Record of Decision was signed by the Administrator on October 22, 1979.

III. Justification for Project

The present Baltimore (Loch Raven) hospital building, originally constructed in 1952, as a tuberculosis hospital, has been on the list for major remodeling since 1973. The main building is a five-story brick structure. There are also separate buildings housing the steam plant, staff quarters, and a research laboratory. The hospital is presently authorized 130 medical, 15 neurology, 109 surgical and 37 psychiatric beds, for a total of 291. The Baltimore (Loch Raven) hospital is affiliated with Johns Hopkins and the University of Maryland Medical Schools, including the University of Maryland School of Nursing. In addition, there is an outpatient clinic facility under the hospital's jurisdiction located in downtown Baltimore.

Plumbing, heating, and electrical systems need to be replaced and central air conditioning provided. The windows leak badly and must be replaced. Functionally the hospital is deficient in numerous ways. Patient rooms are undersized. Most nursing units lack privacy in toilet and bathing areas. Support areas are undersized and due to the building configuration are functionally poorly related and inadequate. The deficiencies in ambulatory care, radiology, surgery, nursing units, warehouse, and other areas have been cited by the Joint Commission on Accreditation of Hospitals (JCAH) and other surveys. Animal quarters do not comply with American Association of Laboratory Animal Care (AALAC) standards. There is no sterile or soiled separation in supply processing and distribution. There are insufficient staff offices, conference rooms, etc. Even without the increase in workload projected, if the hospital is to remain in service, functional and utility deficiencies must be corrected.

Additional resources will be required to meet the increased demand for inpatient and outpatient care, and to maintain and care for more sophisticated medical equipment and treatment modalities. Cost avoidance may occur due to more energy efficient construction, and other design and construction improvements, but is difficult to document and not obtainable.

IV. Background

In May 1976 President Ford announced the replacement medical center in Baltimore along with the planned construction of other VA medical centers. The authorization received in January 1977 called for the construction of a replacement medical center adjacent to the University of Maryland Hospital complex. Construction funds for the replacement medical center were appropriated in 1980 and plans for the replacement medical center were developed through working drawings with the proposed site purchased from the State of Maryland for $4.5 million.

Construction, Major Projects
VAMC Baltimore, Maryland
Replacement Medical Center

During the 1981 budget deliberations, the decision was made to cancel the replacement medical center project. In September 1984, Congress directed the VA to use advance planning funds to develop alternatives for the two Baltimore area VA facilities, Loch Raven and Fort Howard, to include construction of a new replacement facility and closure of one of the two existing facilities or modernization of both Loch Raven and Fort Howard.

In January 1985, the Medical District Initiated Program Planning (MEDIPP) projections for bed and outpatient visits for the Baltimore metropolitan area were approved. These workloads were used in the development of the report, "Planning for the Baltimore VA Medical Centers (Loch Raven and Fort Howard)," which was prepared in March 1985, in response to the Congressional directive. The report presents three options concerning planning for VA medical care in the Baltimore area. These options are to modernize and expand the existing medical centers at Loch Raven (acute) and Fort Howard (extended); construct a replacement for Loch Raven at the downtown site and modernize and expand Fort Howard; and, construct a new acute care medical center at the downtown site, convert Loch Raven to long-term care, and close Fort Howard. This planning report, which forms the basis for this project, and the options developed used the following current and projected MEDIPP workloads.

	Current	Projected
Beds	291	324
Outpatient visits	99,395 (plus 53,825 at the downtown clinic)	182,100

There were two alternatives developed for this project. They are:

> Alternative 1: This alternative would modernize Loch Raven for acute care and bring the number of beds from 291 at present to 324. This also would provide for a parking structure, linear accelerator, and magnetic resonance imaging (MRI) unit needed because the distance to the Medical School facilities precludes sharing.
>
> Alternative 2: This alternative would construct a replacement medical center adjacent to the University of Maryland Medical Center for acute care. Loch Raven would be closed.

Alternative 1 was rejected because phasing and staging would be difficult and complex resulting in long-term disruption of Loch Raven. The proposed site slopes approximately 60 feet and would be constrictive and difficult to build upon. As the existing building would be renovated, compromises in space allocations and function arrangements would have been necessary and in some instances undesirable. The large building masses and parking garage would have impacted the surrounding residential neighborhood, possibly generating opposition. Temporary parking would have been needed during the construction period. The existing inefficiencies due to the distance from Loch Raven to the Medical Schools would not have been corrected and sharing of services would have been limited.

Alternative 2 was selected because it would provide a new acute care facility fully meeting the program space requirements, establish appropriate functional adjacencies, enhance relationships with the University of Maryland and be less costly.

The completed working drawings for the originally designed Baltimore replacement medical center will require revision. However this design effort could be accomplished in an estimated twelve months versus the two to three years it would take to plan and develop new drawings for Loch Raven. The new facility could be constructed without any impact on the ongoing activity at Loch Raven thus eliminating extensive phasing problems.

Public Law 99-166, Section 303, requires that the prospectus for projects proposing the construction of a new or replacement hospital describe the consideration that was given to acquiring an existing facility by lease or purchase. There was no formal consideration given to acquiring an existing facility as an alternative to this project. VA personnel did visit and inspect the Maryland General Hospital in July 1982 in response to that facility's interest in transfer to the VA as an alternative to new construction. It was determined at that time that the facility could not be appropriately modified to meet the VA's program requirements. The Veterans Administration is presently developing procedures which will enable the identification and consideration of available existing facilities for acquisition as an alternative to new construction. These procedures will support compliance with the requirement of Section 303 in the future.

Construction, Major Projects
VAMC Baltimore, Maryland
Replacement Medical Center

V. Correction of Code Deficiencies

New construction will be accomplished in accordance with all Joint Commission on Accreditation of Hospitals, National Fire Protection Association, AALAC, and handicapped accessibility codes and requirements.

VI. Schedule

Complete update of original design	04/15/87
Complete construction	05/18/90

VII. Project Cost Summary

		Cost
New Construction 995,000 gross square feet @ $96.38		$ 95,895,000
Alterations		N/A
Subtotal (new construction and alterations)		95,895,000*
Total Estimated Base Construction Cost		$ 95,895,000
Construction Contingency (5 percent)	$4,795,000	
SBA(8a) Allowance	N/A	
Contingency Reserve	4,795,000	4,795,000
Technical Services		10,800,000
Utilities Agreement		700,000
Total Estimated Base Cost		$112,190,000
Inflation Allowance		8,810,000
Total Estimated Project Cost		$121,000,000

*Sitework, utilities, demolition and surface parking costs are included in the new construction costs above.

VIII. Annual Operating, Staff and Equipment Cost

		Project Activation Costs		Present Facility Operating Costs
Equipment cost		$19,440,000		N/A
One time non-recurring cost		2,420,000		N/A
Recurring costs:				
Additional manpower	FTE: 211	$5,119,000	FTE: 810	$23,356,335
Other recurring		3,628,752		8,886,248
Total recurring		$8,747,752		$32,242,583

IX. Executive Order 12372 Compliance

The VA notified the State and Areawide Clearinghouses on February 7, 1977. The State Clearinghouse responded with an endorsement for the project on March 30, 1977. The Areawide Clearinghouse indicated their support for the project on November 18, 1977.

Construction, Major Projects
VAMC Dayton, Ohio
Bed Replacement and Modernization

I. Budget Authority

Total Estimated Cost	Available Thru 1986	1987 Request	1988 or Future
$84,000,000	...	$ 8,400,000*	$75,600,000

*Funds being requested in 1987 are for design only.

II. Description of Project

This project proposes to construct a ten-level addition to accommodate medical, surgical, psychiatric, intermediate, neurology, and rehabilitation beds as well as selected diagnostic, treatment, and support functions. The addition will be sited to the east of the existing hospital building and the 1980 clinical addition, Building 310. The new addition will house 115 medical (includes 10 dialysis beds), 138 surgical, 106 psychiatric, 200 intermediate, 24 neurology, and 35 rehabilitation medicine beds, for a total of 618 beds. The existing hospital building, Building 300, will be demolished upon completion of this project.

The 1995 parking analysis shows a need for 760 parking spaces. Upon completion of this project, the Medical Center will have a surplus of 437 spaces. It is planned through this project to replace the 223 parking spaces which will be lost to new construction and relocate a number of spaces which are required to be near or adjacent to the acute care medical complex. This project also includes road alignment, landscaping, and site utilities.

Compliance with the National Historic Preservation Act of 1966, Section 106, will be necessary. An environmental assessment was accomplished with a finding of no significant impact and was published in the Federal Register on June 11, 1984.

III. Justification for Project

The existing main hospital building was constructed in 1931 and has never been significantly renovated. This building has serious space, functional alignment, structural, fire and safety, seismic, and patient privacy deficiencies cited by the Joint Commission on Accreditation of Hospitals (JCAH) for medical, surgical, intermediate, psychiatric, and intensive care nursing units at this Medical Center. This project will consolidate into one building presently fragmented functions and provide appropriate space for diagnostic/treatment and other support facilities in accordance with current standards.

Intermediate medical beds will be relocated from the circa 1940 building (Building 302) to the acute care complex. This building is functionally and spatially inadequate for patient occupancy and the existing structural system limits efficiency of space and functional design.

This project is intended to resolve space, functional, and physical deficiencies. Additional resources will be required to meet increased demand for inpatient and outpatient care, and to maintain and care for more sophisticated medical equipment and treatment modalities. Cost avoidance may occur due to more energy efficient construction, construction improvements, but is difficult to document and not obtainable.

IV. Background

There were three alternatives developed for this project. All alternatives include the continued use of the clinical addition (Building 310), education building (Building 307), and the basic sciences building (Building 315) for the following functions: ambulatory care, laboratory, surgery, library, educational, and research facilities.

> Alternative 1: This alternative would construct a seven-level addition to the east of the existing hospital building and the clinical addition to accommodate medical and surgical beds and selected diagnostic, treatment, and support functions. It would provide major renovation and adaptative reuse of the main hospital building (Building 300) for psychiatric, intermediate, surgical, and rehabilitation medicine beds, as well as selected patient treatment and administrative functions.
>
> Alternative 2 (modified): This alternative would construct a ten-level addition to the east of Building 310 to accommodate all acute, intermediate, and psychiatric beds and the major clinical and support functions. Building 300, the main hospital building, would be demolished.

Construction, Major Projects
VAMC Dayton, Ohio
Bed Replacement and Modernization

Alternative 3: This alternative would construct a new five-level patient care tower east of Building 310 for most of the medical and all of the surgical beds, as well as selected diagnostic and treatment departments. The existing main hospital building would be renovated for psychiatric, rehabilitation medicine, and intermediate beds, as well as other clinical and support functions, minimally renovating recently remodelled areas. This alternative would include a two-level addition on the clinical addition to accommodate intensive care units, clinical cardiology laboratory, respiratory care, and supply processing and distribution.

All alternatives were developed using the following current and 1995 projected workloads.

	Current	Projected
Beds	679 (includes 7 dialysis beds)	618 (includes 10 dialysis beds)
Outpatient visits	63,584	72,140*

*The latest planning allocations indicate this number; however this allocation is now being reviewed based on current information and may be adjusted upward.

Alternative 1 was rejected because, although it would have corrected deficiencies at the Medical Center and provided new space for most of the acute beds and associated clinical and support functions, recent studies have identified major structural deficiencies in the Brown Hospital buildings. The cost of renovation, including seismic corrections, is now substantially greater than the comparable cost of new construction.

Alternative 2 (modified) was selected because it would be the most functional and economical approach to correcting cited deficiencies at the Medical Center.

Alternative 3 was rejected because several diagnostic and treatment areas would have been below space planning criteria and provide poor functional relationships to bed services. Opportunities for future expansion would have been difficult, distribution of meals and supplies would have been made difficult through a maze of corridors, and supply processing and distribution would have been poorly located relative to the dock.

V. Correction of Code Deficiencies

New construction will be accomplished in accordance with all National Fire Protection Association, JCAH, and handicapped accessibility codes and requirements.

VI. Schedule

Complete preliminary plans	08/20/86
Complete construction	03/07/91

VII. Project Cost Summary

		Cost
New Construction 511,504 gross square feet @ $115.00		$58,823,000
Alterations		N/A
Subtotal (new construction and alterations)		$58,823,000
Other Costs:		
a. Sitework, utilities, demolition and surface parking	$4,000,000	
Total Other Costs	4,000,000	4,000,000
Total Estimated Base Construction Cost		$62,823,000
Construction Contingency (10 percent)	6,282,000	
SBA(8a) Allowance	N/A	
Contingency Reserve	6,282,000	6,282,000
Technical Services (10 percent)		6,910,000
Impact Costs		500,000
Total Estimated Base Cost		$76,515,000
Inflation Allowance		7,485,000
Total Estimated Project Cost		$84,000,000

Construction, Major Projects
VAMC Dayton, Ohio
Bed Replacement and Modernization

VIII. Annual Operating, Staff and Equipment Cost

	Project Activation Costs		Present Facility Operating Costs	
Equipment cost		$30,850,000		N/A
One time non-recurring cost		1,266,000		N/A
Recurring costs:				
Additional manpower	FTE: 247	$ 7,163,000	FTE: 1685	$45,065,951
Other recurring		4,005,783		13,687,111
Total recurring		$11,168,783		$58,753,062

IX. Executive Order 12372 Compliance

The VA notified State and Areawide Clearinghouses on January 15, 1981. No response was received from either clearinghouse.

Construction, Major Projects
VAMC Milwaukee (Wood), Wisconsin
Fire and Safety Improvements

I. Budget Authority

Total Estimated Cost	Available Thru 1986	1987 Request	1988 or Future
$8,400,000	...	$8,400,000	...

II. Description of Project

This project proposes to correct fire and safety deficiencies in Building 111. The work to be accomplished at this Medical Center is based upon a fire and safety equivalency system (FSES) analysis and will provide a level of protection equivalent to the National Fire Protection Association (NFPA) life safety code. The scope of work provides for the installation of an automatic sprinkler system in the main hospital, Building 111. The building contains 11 floors (eight bed floors and three floors of clinical and administrative support) and basement area. All areas throughout the building will be sprinklered.

Other deficiencies identified by the FSES will be included in the scope of this project. These include two-hour fire partitions in the stairwells, extension of corridor partitions from floor to slab above, upgrading of fire and smoke dampers, and the provision of fire rated doors wherever required.

The Environmental Review Board determined December 14, 1984, that this project has a categorical exclusion requiring no further action.

III. Justification for Project

Numerous life safety code deficiencies have been identified in Building 111. The project is required to correct these deficiencies, comply with the Joint Commission on Accreditation of Hospital (JCAH) standards, and, thereby, render the building safe for health care occupancy.

IV. Background

The measures chosen to correct the fire and safety deficiencies were selected on the basis of a recently completed FSES survey. The FSES was developed by the National Bureau of Standards and appears as an appendix to the 1981 edition of the Life Safety Code. It provides an alternate method of obtaining a level of safety equivalent to that required by the code without literal code compliance. The FSES permits credit for safety features exceeding code requirements while deducting for any code deficiencies. Professional judgment is used to assign an overall assessment for each building being evaluated. Application of the FSES provides the most cost effective strategies for correcting fire protection deficiencies and provides the necessary documentation for compliance with the JCAH standards.

V. Correction of Code Deficiencies

These fire and safety deficiencies, which render the Medical Center in non-compliance with certain JCAH standards and other safety codes, will be corrected through the installation of an automatic sprinkler system. These corrective measures are necesary to bring the Medical Center into compliance with JCAH standards, NFPA, and other applicable codes and requirements.

VI. Schedule

Complete preliminary plans	12/03/85
Complete construction	07/03/89

Construction, Major Projects
VAMC Milwaukee (Wood), Wisconsin
Fire and Safety Improvements

VII. Project Cost Summary

			Cost
New Construction			N/A
Alterations	788,142 gross square feet @ $7.64		$6,020,000
Subtotal (new construction and alterations)			6,020,000
Other Costs:			
a. Sitework, utilities, demolition and surface parking		N/A	
Total Other Costs		N/A	N/A
Total Estimated Base Construction Cost			$6,020,000
Construction Contingency (7.5 percent)		452,000	
SBA(8a) Allowance (8 percent)		482,000	
Contingency Reserve		934,000	934,000
Technical Services (7.5 percent)			522,000
Impact Costs			320,000
Total Estimated Base Cost			$7,796,000
Inflation Allowance			604,000
Total Estimated Project Cost			$8,400,000

NOTE: Although included in the total estimated cost, all technical services and related inflation allowance costs are funded from the Design Fund.

VIII. Annual Operating, Staff and Equipment Cost

	Project Activation Costs		Present Facility Operating Costs	
Equipment cost		$ 0		N/A
One time non-recurring cost		0		N/A
Recurring costs:				
Additional manpower	FTE: 0	$ 0	FTE: 2129	$58,661,787
Other recurring		0		24,286,990
Total recurring		$ 0		$82,948,777

IX. Executive Order 12372 Compliance

Notification of State and Areawide Clearinghouses is not required for this project.

Construction, Major Projects
VAMC North Chicago, Illinois
Environmental Improvements, Patient and Nursing Home Care Buildings

I. Budget Authority

Total Estimated Cost	Available Thru 1986	1987 Request	1988 or Future
$92,000,000	...	$ 9,200,000*	$82,800,000

*Funds being requested in 1987 are for design only.

II. Description of Project

This project proposes to renovate Buildings 134 and 135 to house 360 nursing home care (NHC) beds and Building 133 to house all medical, surgical, and neurological beds, associated support space, quarters-on-call, supply processing and distribution, senior adult center, medical service, and portions of surgery service, ambulatory care, pharmacy, dietetic service, medical administration, and engineering service. The project also includes a new multi-level addition, with future vertical expansion capability of two floors, to house the following services: audiology and speech pathology, canteen, cardiology, clinical service administration, consultation liaison center, EEG laboratory, fiscal, hospital director, laboratory, library, building management, medical administration, medical media production, nuclear medicine, nursing service administration, nutrition support team, personnel, pharmacy, radiology, rehabilitation medicine, respiratory care, security, service organizations, supply processing and distribution, and associated support space. Air conditioning of Buildings 65, 124, 125, 126, 131, 133, 134, and 135, and a new chiller plant will be part of this project. In addition, Buildings 7, 8, 11, and 66 will be demolished as part of this project. Total window replacement will be accomplished in Building 65. All required upgrading, replacement, or expansion of these systems or related work is included in this project. Upon completion of this project, the bed level will be 682 hospital and 360 nursing home care beds.

The 1995 parking analysis shows a need for 1,407 parking spaces. Considering the existing spaces, this results in a surplus of 26 spaces. This project will eliminate approximately 238 spaces; 22 parking spaces will be relocated for handicapped parking. An additional 196 parking spaces will be added adjacent to Building 133 and the new clinical addition. The surplus spaces are of minimal value since they are located approximately one-half mile from the main Medical Center complex.

An environmental assessment was accomplished with a finding of no significant impact and was published in the Federal Register on March 18, 1985.

III. Justification for Project

This project will correct the existing fragmentation of clinical and non-clinical support functions, some of which are one-quarter mile from the ambulatory care and the general medical bed building. The project will also correct physical deficiencies which include handicapped inaccessibility, fire and safety violations, electrical deficiencies, space deficiencies (averaging approximately 25 to 35 percent), and provide air conditioning for wards and patient treatment areas.

The Medical Center currently has an authorized capacity of 190 nursing home care beds. This project proposes the provision of an additional 170 nursing home care beds. Medical District Initiated Program Planning (MEDIPP) projects a need for additional NHC beds at this Medical Center.

This project is intended to resolve space, functional, and physical deficiencies and provide the number of additional nursing home care beds determined by the Medical District plan as needed at this Medical Center. Additional resources will be required to meet increased demand for inpatient and outpatient care, and to maintain and care for more sophisticated medical equipment and treatment modalities. Cost avoidance may occur due to more energy efficient construction, construction improvements, but is difficult to document and not obtainable.

IV. Background

There were three alternatives developed for this project. The scope of work for these alternatives were identical. The distribution of space and configuration of services varied depending on the alternative.

Construction, Major Projects
VAMC North Chicago, Illinois
Environmental Improvements, Patient and Nursing Home Care Buildings

Alternative 1: This alternative would renovate Building 133 for all medical, surgical, and neurological beds (MS&N) with a new six-story addition to house clinical and non-clinical support services located to the northeast of Building 133, renovate Buildings 134 and 135 to house nursing home care beds, air condition Buildings 124, 125, 126, 131, 133, 134, and 135, and demolish Buildings 7, 8, 11, 65, and 66.

Alternative 2: This alternative would renovate Building 133 for all MS&N beds with a new four-story addition to house clinical and non-clinical support services located to the southwest of Building 133, renovate Buildings 134 and 135 to house nursing home care beds, air condition Buildings 124, 125, 126, 131, 133, 134, and 135, and demolish Buildings 7, 8, 11, 65, and 66.

Alternative 3: This alternative would renovate Buildings 133 and 134 to house all MS&N beds and some support services with a new three-story addition to house clinical and non-clinical support services located to the southwest of Building 133, renovate Building 135 to house 140 nursing home care beds, construct a new nursing home care unit to house the remaining beds, air condition Buildings 124, 125, 126, 131, 133, 134, and 135, and demolish Buildings 7, 8, 11, 65, and 66.

Subsequent to the development of these conceptual alternatives, it was determined that Building 65 was not to be demolished and would be renovated.

All alternatives were developed using the following current and 1995 projected workloads.

	Current	Projected
Beds	1,445 (hospital) 190 (NHC)	682 (hospital) 500 (NHC)
Outpatient visits	102,372	149,100

Alternative 1 was rejected because it would have provided less than adequate functional adjacencies of medical care services and less available outpatient and visitor parking than Alternative 2.

Alternative 2 was selected because it would provide the best functional adjacencies, increased parking, separate service and public entrances and would not be disruptive to utilities.

Alternative 3 was rejected because it would have been disruptive to major utilities and relocating these utilities would have had an adverse impact on the Medical Center's operations. Functional adjacencies, though improved, would have been less than adequate due to the narrow footprint of the new addition. The service access to the NHCU would have been fragmented.

V. Correction of Code Deficiencies

New construction and renovation within this project will be accomplished in accordance with all National Fire Protection Association, Joint Commission on Accreditation of Hospitals, and handicapped accessibility codes and requirements.

VI. Schedule

Complete preliminary plans	12/03/85
Complete construction	10/18/90

Construction, Major Projects
VAMC North Chicago, Illinois
Environmental Improvements, Patient and Nursing Home Care Buildings

VII. Project Cost Summary

			Cost
New Construction	226,877 gross square feet @ $110.54		$25,078,000
Alterations	387,643 gross square feet @ $ 59.61		23,108,000
Subtotal (new construction and alterations)			$48,186,000
Other Costs:			
a. Sitework, utilities, demolition and surface parking		$ 4,683,000	
b. New chiller plant (9,940 square feet)		3,407,000	
c. Enclosed pedestrian walk, new ambulance entry, loading dock, canopy and areaway, Building 133		1,104,000	
d. Air conditioning, Buildings 65, 124, 125, 126, and 131		14,407,000	
e. Additional water line		55,000	
Total Other Costs		23,656,000	23,656,000
Total Estimated Base Construction Cost			$71,842,000
Construction Contingency (6.2 percent)		4,454,000	
SBA(8a) Allowance		N/A	
Contingency Reserve		4,454,000	4,454,000
Technical Services (7.5 percent)			5,722,000
Impact Costs			1,297,000
Utilities Agreements			1,500,000
Total Estimated Base Cost			$84,815,000
Inflation Allowance			7,185,000
Total Estimated Project Cost			$92,000,000

VIII. Annual Operating, Staff and Equipment Cost

	Project Activation Costs		Present Facility Operating Costs	
Equipment cost		$21,360,000		N/A
One time non-recurring cost		1,900,000		N/A
Recurring costs:				
Additional manpower	FTE: 0	$ 0	FTE: 2022	$53,408,404
Other recurring		2,660,000		13,900,935
Total recurring		$2,660,000		$67,309,339

IX. Executive Order 12372 Compliance

The VA notified State and Areawide Clearinghouses on January 30, 1983. No response has been received from either Clearinghouse.

Construction, Major Projects
VAMC Salem, Virginia
Outpatient, Clinical and Nursing Unit Addition

I. Budget Authority

Total Estimated Cost	Available Thru 1986	1987 Request	1988 or Future
$66,300,000	...	$66,300,000	...

II. Description of Project

This project proposes to construct a five-floor addition on the south side of Building 2A to accommodate outpatient clinics, clinical support functions, such as pharmacy and respiratory care, a surgical suite, intensive care units, and medical, surgical, and intermediate nursing units. Construction of this addition will require demolition of Building 6. The project also involves construction of a two-floor addition on the north side of Building 2A and renovation of space in Building 2A to provide space for the emergency and evaluation area along with medical records. Renovation and seismic upgrading of Buildings 2 and 7 will also be done to accommodate intermediate nursing units and support functions. Finally, space in Building 4 will be renovated to improve the flow of work in the dietetic kitchen and to provide space for medical media facilities which will be dislocated by the demolition of Building 6. This project will provide an addition to the existing boiler plant (Building 13) to provide chiller capacity for the Medical Center.

According to the latest parking analysis, there are 1,408 parking spaces on the Medical Center site. The same parking analysis, based on 1995 staffing and workload projections, identifies a need for 1,156 spaces, or an excess of 252 spaces. A total of 402 spaces will be lost due to construction. Another 266 spaces will become inaccessible due to centralization of activities around the new addition. To meet the need for 1,156 spaces, the project design includes 416 new parking spaces and proposes continued use of 740 spaces.

Compliance with the National Historic Preservation Act of 1966, Section 106, will be necessary. An environmental assessment was accomplished with a finding of no significant impact and the results will be published in the Federal Register upon approval by the Environmental Review Board.

III. Justification for Project

All buildings used for patient care, except for Building 2A, were constructed between 1933 and 1944. Building 2A, which houses radiology, emergency and evaluation, and part of the laboratory, were completed in 1978. Due to the gradual evolution of the Medical Center from a psychiatric to a general medical and surgical hospital during the 1960's and early 1970's, there is much fragmentation within and among services. For example, outpatient clinic services are provided in five different buildings. All of these clinic locations are poorly aligned with other related services, such as pharmacy, radiology, and laboratory. While all buildings are linked by a connecting corridor system, the differences in floor elevations require extensive use of ramping. In addition to functional deficiencies, all services in the project's scope have serious space deficiencies. A number of the Medical Center's space and functional deficiencies have been cited by the Joint Commission on Accreditation of Hospitals (JCAH). Existing medical, surgical, and intermediate nursing units also have patient privacy deficiencies.

This project is intended to resolve space and functional deficiencies created by new services, associated support functions and an increased outpatient workload at this Medical Center. Additional resources will be required to meet increased demand for inpatient and outpatient care, and to maintain and care for more sophisticated medical equipment and treatment modalities. Cost avoidance may occur due to more energy efficient construction, and other design and construction improvements, but is difficult to document and not obtainable.

IV. Background

Given the extent of deficiencies at the Medical Center, a comprehensive facility plan (CFP) was prepared which addressed the needs of all hospital functions based on 1995 staffing and workload projections. Such a plan was also deemed necessary since the Medical Center is eligible for the National Register of Historic Places and the hospital is in a moderate zone in terms of potential seismic activity. Preparation of the CFP included a detailed analysis of three alternative approaches to correcting the Medical Center's deficiencies. One of these alternatives involved a total replacement of all functions in new construction on land available on the Medical Center site. This alternative was not selected as the preferred alternative because it was the most expensive alternative and the funding year for such a replacement facility was uncertain.

Construction, Major Projects
VAMC Salem, Virginia
Outpatient, Clinical and Nursing Unit Addition

The other two alternatives considered for the CFP involved combinations of new construction and renovation of existing buildings to be accomplished through a series of construction projects. The first of these alternatives, Alternative 1, involved construction of a four-floor addition between Buildings 5 and 7 and a one-floor addition east of Building 7. This alternative also included renovation of all patient care buildings except Buildings 75-77.

Alternative 1 was rejected as the design scheme for the CFP because it would have been more costly than the other new construction and renovation scheme. The new construction proposed as part of Alternative 1 would have had an adverse impact on the site from an historic preservation standpoint. Alternative 1 would have required relocation of all functions in a clinical building, Building 2A, completed in 1978.

The second new construction and renovation scheme, Alternative 2, involved construction of a five-floor addition on the south side of Buidling 2A (in place of Building 6), a two-floor addition on the north side of Building 2A, and a 120-bed nursing home care unit west of Building 4. The alternative also included renovation of all patient care buildings except Buildings 75-77. Alternative 2 was selected as the design scheme for the CFP because it was the least expensive of the three alternatives considered, would not have an adverse impact on the site historically, and the initial construction project in Alternative 2 would correct the Medical Center's most serious deficiencies without relocation of functions in the recently completed clinical building, Building 2A.

This project is the first phase of Alternative 2. Future projects will address renovation of Buildings 8 through 12 and construction of the 120-bed nursing home care unit. All alternatives were developed using the following current and 1995 projected workloads.

	Current	Projected
Beds	856 (includes 5 dialysis beds)	726 (includes 6 dialysis beds)
Outpatient visits	128,405	137,140

V. Correction of Code Deficiencies

New construction and renovation within this project will be accomplished in accordance with all National Fire Protection Association, Joint Commission on Accreditation of Hospitals, and handicapped accessibility codes and requirements.

VI. Schedule

Complete preliminary plans	12/03/85
Complete construction	04/05/93

VII. Project Cost Summary

			Cost
New Construction	361,256 gross square feet @ $103.96		$37,556,000
Alterations	128,627 gross square feet @ $ 66.63		8,571,000
Subtotal (new construction and alterations)			$46,127,000
Other Costs:			
a. Sitework, utilities, demolition, surface parking, and tunnel		$5,071,000	
b. Seismic		914,000	
Total Other Costs		5,985,000	5,985,000
Total Estimated Base Construction Cost			$52,112,000
Construction Contingency (5.5 percent)		2,866,000	
SBA(8a) Allowance		N/A	
Contingency Reserve		2,866,000	2,866,000
Technical Services (7.5 percent)			4,123,000
Impact Costs			1,150,000
Total Estimated Base Cost			$60,251,000
Inflation Allowance			6,049,000
Total Estimated Project Cost			$66,300,000

NOTE: Although included in the total estimated cost, all technical services and related inflation allowance costs are funded from the Design Fund.

Construction, Major Projects
VAMC Salem, Virginia
Outpatient, Clinical and Nursing Unit Addition

VIII. Annual Operating, Staff and Equipment Cost

		Project Activation Costs		Present Facility Operating Costs
Equipment cost		$12,000,000		N/A
One time non-recurring cost		3,000,000		N/A
Recurring costs:				
Additional manpower	FTE: 18	$ 522,000	FTE: 1570	$39,769,509
Other recurring		2,200,000		13,664,433
Total recurring		$2,722,000		$53,433,942

IX. Executive Order 12372 Compliance

The VA notified State and Areawide Clearinghouses on December 1, 1979. Favorable replies were received from the State on July 19, 1979, and the Areawide Clearinghouse on December 11, 1979.

Construction, Major Projects
VAMC Salisbury, North Carolina
Geropsychiatric Building

I. Budget Authority

Total Estimated Cost	Available Thru 1986	1987 Request	1988 or Future
$19,000,000	...	$19,000,000	...

II. Description of Project

This project proposes to construct a new two-story and basement building, located adjacent to Building 6, to house 168 geropsychiatric beds. There are presently 173 located in Building 21. Three 27-bed nursing units are planned for each of the two floors. Recreation, audiology and speech pathology, and rehabilitation medicine will be provided on the first floor. A geropsychiatric day care center, geropsychiatric outpatient clinic and dietetic tray makeup will be located in the basement. A therapeutic greenhouse will be located in the enclosed courtyards. A future project will renovate Building 21 to house a day hospital and day treatment clinic, drug and alcohol dependence treatment clinic, engineering and supply service offices, nursing education, and research service. Rehabilitation medicine service now in Building 21 will remain for the day hospital and day treatment programs.

The 1995 parking analysis shows a need for 1,323 spaces. Considering the existing spaces, the loss due to construction, and the 138 parking spaces added by this project, a deficit of 262 spaces will still exist. These are needed in areas remote from this building's location.

An environmental assessment was accomplished with a finding of no significant impact and was published in the Federal Register on February 1, 1985.

III. Justification for Project

It is very difficult to place geropsychiatric patients due to the mental disorder or dementia prevalent with these patients. VA and community nursing homes refuse to accept mentally disturbed patients as they are not staffed to handle behavior problems. With a facility designed to accommodate these particular infirmities, the mission of restoring elderly patients to their maximal living potential can be accomplished. The day care center and clinic will provide both medical and custodial care and assistance for families of patients in order to postpone the need for inpatient care. The pilot program planned for this project will serve as a model for future VA geropsychiatric care.

This project is intended to resolve space and functional deficiencies to provide an acceptable environment for this pilot program. Additional resources will be required to meet increased demand and to maintain and care for more sophisticated medical equipment and treatment modalities. Cost avoidance may occur due to more energy efficient construction, and other design and construction improvements, but is difficult to document and not obtainable.

IV. Background

There were three alternatives developed for this project. They are.

> Alternative 1: This alternative would provide a new building designed specifically for the planned program and the special needs of the geropsychiatric patient. The building would be located near Building 6 which contains a therapeutic swimming pool. This would eliminate the need for a pool in the new building.
>
> Alternative 2: This alternative would provide a new angular-shaped building designed specifically for geropsychiatric patients. It would also be located near Building 6 and the therapeutic pool.
>
> Alternative 3: This alternative would completely renovate Building 21, which now houses the geropsychiatric patients.

All alternatives were developed using the following current and 1995 projected workloads.

	Current	Projected
Beds	811	816
Outpatient visits	58,001	85,700

Construction, Major Projects
VAMC Salisbury, North Carolina
Geropsychiatric Building

Alternative 1 was selected because the functional layout of the building would be efficiently defined and organized. The nursing staff would have complete visual control of all areas of the nursing units from the nursing station, courtyards would be large and functional, and the link to Building 6 would be a short distance for transporting patients to the therapeutic pool and recreational activities. This alternative would minimize impact and phasing costs involved in caring for patients while construction was taking place. A new building would be completed nearly a year faster than renovation of Building 21, thus reducing escalation costs. In addition, after the construction of a new building, Building 21, could be used to alleviate other space deficiencies at the Medical Center.

Alternative 2 was rejected because the internal circulation would have been less efficient than proposed under Alternative 1. The angular shapes of the plan would have created awkward interior spaces, and the link to the existing Building 6 would have been longer. The staff would not have constant visual control of all areas of the nursing units from the nursing stations.

Alternative 3 was rejected because this alternative proposed to renovate the existing Building 21, which currently houses geropsychiatric patients. In order to renovate this building it would have been necessary to relocate the patients during construction either in part or totally. It would have been very difficult to place these patients even on a short-term basis. Phasing would have been difficult because of the patients' special needs and would have caused an extended construction period. In addition, the envelope of Building 21 would have been insufficient to house the required space to support the program.

V. Correction of Code Deficiencies

The geropsychiatric building will be a totally new structure, designed and constructed to meet all current code requirements.

VI. Schedule

Complete preliminary plans	01/29/86
Complete construction	08/02/89

VII. Project Cost Summary

		Cost
New Construction 149,047 gross square feet @ $90.88		$13,546,000
Alterations 324 gross square feet @ $35.27		11,000
Subtotal (new construction and alterations)		$13,557,000
Other Costs:		
a. Sitework, utilities, demolition and surface parking	$1,005,000	
b. Connecting bridge	282,000	
c. Greenhouse	957,000	
Total Other Costs	2,244,000	2,244,000
Total Estimated Base Construction Cost		$15,801,000
Construction Contingency (5 percent)	790,000	
SBA(8a) Allowance	N/A	
Contingency Reserve	790,000	790,000
Technical Services (7.5 percent)		1,244,000
Utilities Agreements		20,000
Total Estimated Base Cost		$17,855,000
Inflation Allowance		1,145,000
Total Estimated Project Cost		$19,000,000

NOTE: Although included in the total estimated cost, all technical services and related inflation allowance costs are funded from the Design Fund.

VIII. Annual Operating, Staff and Equipment Cost

		Project Activation Costs		Present Facility Operating Costs
Equipment cost		$2,325,000		N/A
One time non-recurring cost		650,000		N/A
Recurring costs:				
Additional manpower	FTE: 32	$ 928,000	FTE: 1213	$30,840,712
Other recurring		744,000		11,462,656
Total recurring		$1,672,000		$42,303,368

Construction, Major Projects
VAMC Salisbury, North Carolina
Geropsychiatric Building

IX. Executive Order 12372 Compliance

The VA notified State and Areawide Clearinghouses on January 18, 1983. The State replied on February 17, 1983, and the Areawide Clearinghouse on February 22, 1983.

Construction Major, Projects
VAMC Salt Lake City, Utah
Electrical Distribution

I. Budget Authority

Total Estimated Cost	Available Thru 1986	1987 Request	1988 or Future
$6,600,000	...	$6,600,000	...

II. Description of Project

This project proposes to provide new dual primary feeders from the local utility company underground in concrete encased duct lines and manholes from existing utility terminal poles to new primary walk-in aisle switchgear. Existing primary feeder cables and switchgear in Building 6 will be removed.

The project will also provide a dual radial primary selective distribution system to supply all existing buildings at the Medical Center and to have the capacity to supply future loads using reasonable diversities. New transformers will be provided for Buildings 1, 2, 3, 4, 5, 6, 7, 8, 9, 13, 27, and the quarters circle. The main secondary switchboards together with risers and panelboards will be replaced. The 500 KVA PCB transformer in Building 1 will be removed.

The project also proposes to provide emergency generators at grade level to serve essential electrical systems for existing Buildings 1, 2. 3, 4, 5, 6, 7, 8, and 27.

The Environmental Review Board determined that this project has a categorical exclusion requiring no further action.

III. Justification for Project

The electrical distribution system, which consists of switchgear, transformers, panelboards, and feeders, was originally installed in the early 1950's. Antiquated equipment such as this is hard to maintain because replacement parts are very difficult to obtain. There is inadequate capacity to accommodate planned future projects.

This project is intended to eliminate National Electric Code (NEC) deficiencies at this Medical Center. While efficiency may be a by-product of this project, additional resources will be required to meet increased demand for the more sophisticated electrical equipment being provided. Cost avoidance may occur due to more energy efficient construction improvements, but is difficult to document and not obtainable.

IV. Background

Work associated with this project was considered as a scope change to the clinical and ambulatory care addition project. However, it was determined not to proceed in that manner because of the size and complexity of the electrical distribution project.

The electrical deficiencies must be corrected in accordance with the NEC and the National Fire Protection Association (NFPA) codes. Therefore no alternatives to the selected scope are available.

V. Correction of Code Deficiencies

This project will upgrade the existing electrical systems to meet the requirements of the NEC and NFPA codes and the Joint Commission on Accreditation of Hospitals standards.

VI. Schedule

Complete preliminary plans	09/10/85
Complete construction	12/30/88

Construction, Major Projects
VAMC Salt Lake City, Utah
Electrical Distribution

VII. Project Cost Summary

		Cost
New Construction		N/A
Alterations		N/A
Subtotal (new construction and alterations)		N/A
Other Costs:		
a. Sitework, utilities, demolition and surface parking	N/A	
b. New electrical distribution system	$5,308,000	
Total Other Costs	5,308,000	$5,308,000
Total Estimated Base Construction Cost		$5,308,000
Construction Contingency (7.5 percent)	398,000	
SBA(8a) Allowance	N/A	
Contingency Reserve	398,000	398,000
Technical Services (7.5 percent)		428,000
Total Estimated Base Cost		$6,134,000
Inflation Allowance		466,000
Total Estimated Project Cost		$6,600,000

NOTE: Although included in the total estimated cost, all technical services and related inflation allowance costs are funded from the Design Fund.

VIII. Annual Operating, Staff and Equipment Cost

		Project Activation Costs		Present Facility Operating Costs
Equipment cost		$ 0		N/A
One time non-recurring cost		15,000		N/A
Recurring costs:				
Additional manpower	FTE: 1	$29,000	FTE: 1133	$31,864,160
Other recurring		15,000		14,987,965
Total recurring		$44,000		$46,852,125

IX. Executive Order 12372 Compliance

Notification of State and Areawide Clearinghouses is not required for this project.

Construction, Major Projects
VAMC Waco, Texas
Renovate Buildings 10 and 90

I. Budget Authority

Total Estimated Cost	Available Thru 1986	1987 Request	1988 or Future
$9,700,000	...	$9,700,000	...

II. Description of Project

This project will totally renovate Buildings 10 and 90, both patient buildings, bringing space and functional arrangements up to criteria within the architectural constraints, making all required improvements to or replacements of the building systems, and complying with all applicable fire and safety and patient privacy codes and requirements. This project will also replace roofs and windows and add required elevators as necessary. Asbestos abatement, funded under a separate line item, will be accomplished by this project. In meeting the patient privacy standards, this project will result in a reduction of approximately 35 and 21 beds respectively.

Compliance with the National Historic Act of 1966, Section 106, will be necessary. An environmental assessment will be accomplished and will be published in the Federal Register as soon as the findings are approved by the Environmental Review Board.

III. Justification for Project

There are major environmental deficiencies in these 1932-1945 buildings to be corrected by this project. These include patient privacy deficiencies as well as significant problems with major building systems, especially the mechanical systems, fire and safety code violations, and substantial amounts of asbestos, deteriorated roofs and windows, and inadequate elevators. The functional layouts of the nursing units and support areas do not enhance the efficient delivery of modern medical and psychiatric care in accordance with current VA standards.

This project is intended to resolve space, functional, and physical deficiencies. Additional resources will be required to meet increased demand for inpatient and outpatient care, and to maintain and care for more sophisticated medical equipment and treatment modalities. Cost avoidance may occur due to more energy efficient construction, construction improvements, but is difficult to document and not obtainable.

IV. Background

The Waco Medical Center is a campus-type facility comprised of brick structures. Eleven of the major buildings are three stories, with the ground floors partially above grade. There is also a five-story hospital building. Most of the buildings were constructed in 1932, with additions in 1944-45 of the "90's series" buildings, Buildings 90-94.

A project to correct safety and fire deficiencies in the twelve patient buildings was awarded for construction in 1984 in the amount of $3.6 million. During construction, extensive asbestos was uncovered. In addition, a considerable amount of wood furring was discovered in the structures of the "90's series" buildings. Based on the VA's standards the wood must be removed. The ongoing Capital Facilities Study has confirmed deficiencies identified as needing correction in the Medical Center's five-year facility plan. On October 8, 1985, in order that the Agency might review the options in regard to further corrective work at this Medical Center, the construction contract for the fire and safety project was terminated.

There were three alternatives considered for correction of the major deficiencies at this Medical Center. The following functions are not included in the alternatives as they were not in the scope of the original fire and safety project: central dietetics, engineering, warehouse, laundry, chapel, recreation, the Director's suite and associated administrative areas.

Alternative 1: This alternative would continue with correction of fire and safety deficiencies and asbestos abatement, as approved and funded in the 1983 construction budget project.

Alternative 2: This alternative, through a series of future projects, would totally renovate the buildings, bring space and functional arrangements up to criteria within the architectural constraints, and make all required improvements to or replacements of the building systems. It would also replace roofs and windows and add required elevators as necessary.

Alternative 3: This alternative would construct a replacement facility for the beds and all the clinical and support functions except those excluded from all the alternatives.

Construction, Major Projects
VAMC Waco, Texas
Renovate Buildings 10 and 90

Alternative 1 was rejected because, although it would have provided safe occupancy for the patients in the buildings and would have allowed for compliance with fire and safety and asbestos abatement standards upon completion of the project, the buildings would not have been functionally improved. They would still have major building systems in need of replacement, needs which may become critical at any time. Corrective work for these deficiencies could have required demolition and repairs to areas recently redone as part of the fire and safety and asbestos work.

Alternative 2 was selected because, although an extended period of time would be involved due to phasing and funding requirements, upon completion of this alternative, the buildings would be functional, meeting criteria and and other current VA standards. Even though the resulting facility would continue to operate with present dispersed facilities, no major additional work would be expected for many years. (NOTE: Buildings 10 and 90 were selected to be accomplished first. Since fire and safety corrections and asbestos abatement have already been accomplished under the 1984 fire and safety project in Buildings 7, 11, 93, and two floors of Building 1, these buildings would be the last to be renovated.)

Alternative 3 was rejected because the cost of a replacement facility would be substantially greater than renovation and upgrading of existing buildings.

V. Correction of Code Deficiencies

All renovation within this project will be accomplished in accordance with all National Fire Protection Association, Joint Commission on Accreditation of Hospitals, and handicapped accessibility codes and requirements.

VI. Schedule

Complete preliminary plans	04/01/86
Complete construction	12/15/89

VII. Project Cost Summary

			Cost
New Construction			N/A
Alterations	103,644 gross square feet @ $66.00		$6,840,000
Subtotal (new construction and alterations)			$6,840,000
Other Costs:			
a. Sitework, utilities, demolition and surface parking		N/A	
Total Other Costs		N/A	N/A
Total Estimated Base Construction Cost			$6,840,000
Construction Contingency (10 percent)		$ 684,000	
SBA(8a) Allowance (8 percent)		547,000	
Contingency Reserve		1,231,000	1,231,000
Technical Services (10 percent)			807,000
Impact Costs			83,000
Total Estimated Base Cost			$8,961,000
Inflation Allowance			739,000
Total Estimated Project Cost			$9,700,000

NOTE: Although included in the total estimated cost, all technical services and related inflation allowance costs are funded from the Design Fund.

VIII. Annual Operating, Staff and Equipment Cost

	Project Activation Costs		Present Facility Operating Costs	
Equipment cost		$300,000		N/A
One time non-recurring cost		150,000		N/A
Recurring costs:				
Additional manpower	FTE: 13	$370,000	FTE: 1433	$32,420,490
Other recurring		70,000		13,894,496
Total recurring		$440,000		$46,314,986

Construction, Major Projects
VAMC Waco, Texas
Renovate Buildings 10 and 90

IX. Executive Order 12372 Compliance

The VA notified State and Areawide Clearinghouses on December 18, 1985. No responses have been received from either Clearinghouse.

Construction, Major Projects
VAMROC White River Junction, Vermont
Research and Education Building

I. Budget Authority

Total Estimated Cost	Available Thru 1986	1987* Request	1988 or Future
$9,300,000	...	$9,300,000	...

II. Description of Project

This project proposes new construction of a three-story research and education building connected by an enclosed, air conditioned bridge to the third floor of Building 28. The scope includes laboratory research units and support, an animal research facility (including a surgical suite), educational classrooms, and an auditorium/multi-purpose room. A transport system will be included as well as direct access from the loading dock to the animal research facility.

Compliance with the National Historic Preservation Act of 1966, Section 106, will be necessary. An environmental assessment was accomplished with a finding of no significant impact and was published in the Federal Register on February 7, 1984.

III. Justification for Project

Research functions are fragmented throughout the Medical Center at present, housed in temporary buildings, quonset huts, and a trailer. This project will consolidate the entire research and development service into one building housing all 16 investigators and will bring the Medical Center into compliance with space planning criteria for medical research and development service. The project will also correct additional deficiencies by providing an education auditorium/multi-purpose room large enough to hold lectures for hospital staff and students. VAMROC White River Junction has a strong affiliation with Dartmouth Medical School.

This project is intended to resolve space deficiencies in research and development. Additional resources will be required to meet increased demand, and to maintain and care for more sophisticated medical equipment and treatment modalities. Cost avoidance may occur due to more energy efficient construction, and other design and construction improvements, but is difficult to document and not obtainable.

IV. Background

There is no existing building available on the site in which to consolidate the medical research and development service. There were three site alternatives for new construction developed for this project. They are:

Alternative 1: This alternative would provide a three-story research and education building to the north of Building 8.

Alternative 2: This alternative would provide a three-story research and education building to the north of Building 9.

Alternative 3: This alternative would provide a three-story research and education building to the southeast of Building 28.

Alternative 1 was rejected because the location would have been too far removed from Building 31, the main bed building, where the investigators have clinical responsibilities.

Alternative 2 was rejected because it would have required demolition of a new temporary building housing research functions. No enclosed connection would have been provided to any of the major buildings on the site.

Alternative 3 was selected because its location would be most accessible to Building 31. An enclosed pedestrian walkway would connect the new building to the existing network of buildings.

V. Correction of Code Deficiencies

This project will eliminate cited deficiencies of the Joint Commission on Accreditation of Hospitals and space deficiencies according to the VA's space planning criteria.

VI. Schedule

Complete preliminary plans	11/30/84
Complete construction	02/24/89

Construction, Major Projects
VAMROC White River Junction, Vermont
Research and Education Building

VII. Project Cost Summary

		Cost
New Construction 50,088 gross square feet @ $138.74		$6,949,000
Alterations		N/A
Subtotal (new construction and alterations)		$6,949,000
Other Costs:		
a. Sitework, utilities, demolition and surface parking	$594,000	
b. Connecting corridor	61,000	
c. Loading dock	26,000	
d. Transformer pad	1,000	
e. Emergency generator and building	87,000	
Total Other Costs	769,000	769,000
Total Estimated Base Construction Cost		$7,718,000
Construction Contingency (5 percent)	386,000	
SBA(8a) Allowance	N/A	
Contingency Reserve	386,000	386,000
Technical Services (7.5 percent)		608,000
Impact Costs		30,000
Total Estimated Base Cost		$8,742,000
Inflation Allowance		558,000
Total Estimated Project Cost		$9,300,000

NOTE: Although included in the total estimated cost, all technical services and related inflation allowance costs are funded from the Design Fund.

VIII. Annual Operating, Staff and Equipment Cost

	Project Activation Costs		Present Facility Operating Costs	
Equipment cost		$250,000		N/A
One time non-recurring cost		100,000		N/A
Recurring costs:				
Additional manpower	FTE: 3	$ 87,000	FTE: 584	$15,403,698
Other recurring		80,000		7,088,803
Total recurring		$167,000		$22,492,501

IX. Executive Order 12372 Compliance

The VA notified State and Areawide Clearinghouses on May 29, 1980. Response from the State Clearinghouse was received on June 3, 1980. Additional information was supplied on June 25, 1980, with no further response received.

Construction, Major Projects
Department of Medicine and Surgery
Advance Planning Fund

I. Budget Authority

FY 1987 Request ... $5,000,000

II. Description of Project

The Advance Planning Fund will serve two purposes. First, the Advance Planning Fund will achieve greater accuracy in estimating project funding requirements as well as providing for improved scope definition and design requirements. Development of projects through preliminary planning will significantly assist in arriving at a reliable cost estimate. As in past years, funds will be required to complete these preliminary plans.

Secondly, these funds will be used to prepare the first group of facility development plans for VA Medical Centers. A study of the VA construction process has concluded that a major deficiency of the VA construction program is that a great deal of planning takes place in the project development phase, resulting in delays and changes throughout the development process. This study recommended the establishment of facility development plans for each VA Medical Center in order to provide more detailed information during project planning and development. This budget request will support the retention of professional health facility planning consultants to accomplish the first increment of this effort.

III. Justification for Program

This funding is needed to carry out a facility planning program at a greater level of detail than at present and to develop the future construction program.

Construction, Major Projects
Department of Medicine and Surgery
Asbestos Abatement

I. Budget Authority

FY 1987 Request ... $9,908,000

II. Description of Program

Environmental Protection Agency Regulation CFR 40, Part 61 is intended to protect the environment and OSHA Regulation CFR 29, Part 1910 is intended to protect people in the workplace. These regulations permit several possible means of asbestos health hazard reduction, including removal and containment. The hazards must be addressed when buildings are remodeled or demolished, and when airborne concentrations exceed defined levels. The identification and evaluation of these hazards are expensive and time-consuming. When asbestos health hazards at Veterans Administration facilities have been identified and evaluated, they will be abated in the most cost-effective manner using funds provided under this request.

III. Justification for Program

Title 40, Part 61, Subparts A & B and Title 29, Part 1910 of the United States Code, prescribe measures to be taken to reduce health hazards caused by breathing asbestos fibers. Friable asbestos has been identified in many Veterans Administration buildings, and a study is underway to determine the extent and intensity of the hazard these materials present. Disturbance of this asbestos during renovation will require costly precautions to avoid hazards.

Construction, Major Projects
Design Fund

I. Budget Authority

Department of Medicine and Surgery:
FY 1987 Request ... $19,000,000

Department of Memorial Affairs:
FY 1987 Request ... $600,000

II. Description of Program

After the development of project requirements and completion of preliminary planning under the Advance Planning Fund, final designs are undertaken consisting of preparation of working drawings, specifications and other related technical services. This category would fund technical services for a project as soon as preliminary plans are completed and before the project is specifically identified for funding in a budget submission.

III. Justification for Program

Additional inflation costs are saved by allowing a project to pass directly from the advance planning stage into the working drawing stage under the Design Fund. The savings would be a recurring annual benefit varying according to the current inflation rate, the progress of the individual project and the magnitude of the total program. The time saved by immediately proceeding into working drawings will reduce design changes and permit earlier use of the constructed facility.

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FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	APPROPRIATIONS PLAN NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
REPLACEMENT AND MODERNIZATION									
ALBUQUERQUE,NM	NEW CLINICAL SERVICES AND BED BLDG.	71,844	71,844				71,844		
ALLEN PARK,MI	REPLACEMENT/MODERNIZATION	292,000		26,760			26,760		265,240
AUGUSTA,GA	REPLACE MEDICAL CENTER (UPTOWN DIV)	97,000	12,400				12,400	84,600	
AUGUSTA,GA	REPLACEMENT HOSPITAL	43,200	43,200				43,200		
BALTIMORE,MD	REPLACE MEDICAL CENTER	121,000	8,800		2,000		10,800	110,200	
BAY PINES,FL	REPLACEMENT HOSPITAL	113,985	113,985				113,985		
BILOXI(BD),MS	MODERNIZATION VAR BLDGS.	49,253	49,778		-525		49,253		
BIRMINGHAM,AL	CLINICAL ADDITION AND WARD MODERNIZATION	52,665	52,665				52,665		
BROCKTON(W. ROXBURY),MA	MODERNIZATION	30,848	31,097			-249	30,848		
BRONX,NY	REPLACEMENT HOSPITAL	115,937	115,687		250		115,937		
BROOKLYN,ST.ALBANS,N.Y.	MODERNIZATION	6,000	6,000				6,000		
CAMDEN,NJ	REPLACEMENT HOSPITAL	800	800				800		
CHILLICOTHE,OH	MODERNIZATION	9,464	9,464				9,464		
CHILLICOTHE,OH	MODERNIZATION	12,625	12,625				12,625		
COLUMBIA,SC	NEW BED BLDG. AND MOD	25,626	26,377			-751	25,626		
DAYTON,OH	BED ADDN/RENOVATION	84,000						8,400	75,600
DENVER,CO	CLINICAL SUPPORT WING A/C S+P	41,481	41,481				41,481		
HAMPTON,VA	MODERNIZATION	8,889	8,889				8,889		
HOUSTON,TX	REPLACEMENT AND MODERN.	252,000	25,200	226,800			252,000		
LITTLE ROCK,AR	REPLACEMENT HOSPITAL	142,450	142,450				142,450		
LOMA LINDA,CA	REPLACEMENT HOSPITAL	64,177	64,900		-723		64,177		
MARTINSBURG,WV	REPLACEMENT HOSPITAL	75,717	75,717				75,717		
MINNEAPOLIS,MN	REPLACEMENT HOSPITAL	189,000	189,000				189,000		
MOUNTAIN HOME,TN	BED TOWERS/RENOVATION	70,300	11,300	59,000			70,300		
NEW ORLEANS,LA	MOD EXPAND CL,O/P,EDUC AND RES SPACE	67,895	67,650		245		67,895		
NEW YORK,NY	O/P CLINICAL ADDN AND ALTERATION/ELECTRICAL	94,300	17,700				17,700		76,600
NORTH CHICAGO(DOWNEY),IL	ENVIRO IMPROV. PAT AND NHCU BLDGS.	92,000						9,200	82,800
OKLAHOMA CITY,OK	CLINICAL ADDITION/MOD SAFETY AND FIRE	38,400	38,400				38,400		
PHILADELPHIA,PA	CLINICAL ADDN RENOV. 240-BED NHCU	119,300	17,700	101,600			119,300		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
REPLACEMENT AND MODERNIZATION										
ALBUQUERQUE,NM	NEW CLINICAL SERVICES AND BED BLDG.	71,844	57,444	1,951	496	9,001	2,953	12,450	11,954	2,953
ALLEN PARK,MI	REPLACEMENT/MODERNIZATION	292,000			3,000	12,634	276,366		23,760	11,126
AUGUSTA,GA	REPLACE MEDICAL CENTER (UPTOWN DIV)	97,000		7,629	914	75,583	12,874	4,771	3,857	12,874
AUGUSTA,GA	REPLACEMENT HOSPITAL	43,200	42,649	4	1		547	548	547	547
BALTIMORE,MD	REPLACE MEDICAL CENTER	121,000	8,477		2,237	100,126	10,159	2,323	86	10,159
BAY PINES,FL	REPLACEMENT HOSPITAL	113,985	109,255	1,421	1,100	2,068	141	3,308	2,209	140
BILOXI(BD),MS	MODERNIZATION VAR BLDGS.	49,253	46,663	502	586	976	526	2,088	1,502	526
BIRMINGHAM,AL	CLINICAL ADDITION AND WARD MODERNIZATION	52,665	45,772	2,004	1,238	1,238	2,413	4,889	3,651	2,413
BROCKTON(W. ROXBURY),MA	MODERNIZATION	30,848	30,665	-154	225	112		587	112	
BRONX,NY	REPLACEMENT HOSPITAL	115,937	115,512	199	224			226		
BROOKLYN,ST.ALBANS,N.Y.	MODERNIZATION	6,000	5,963	9	28			28		
CAMDEN,NJ	REPLACEMENT HOSPITAL	800	706		0		94	94	94	94
CHILLICOTHE,OH	MODERNIZATION	9,464	9,416		0		48	48	48	48
CHILLICOTHE,OH	MODERNIZATION	12,625	11,941	249	89	347		436	347	
COLUMBIA,SC	NEW BED BLDG. AND MOD	25,626	25,626		0	0		751		
DAYTON,OH	BED ADDN/RENOVATION	84,000				3,663	80,337			4,737
DENVER,CO	CLINICAL SUPPORT WING A/C S+F	41,481	39,296	684	267	767	467	1,501	1,234	467
HAMPTON,VA	MODERNIZATION	8,889	8,800		89			89		
HOUSTON,TX	REPLACEMENT AND MODERN.	252,000		12,555	18,242	176,490	44,714	12,645	221,203	44,714
LITTLE ROCK,AR	REPLACEMENT HOSPITAL	142,450	140,242	1,012	871	307	18	1,196	324	17
LOMA LINDA,CA	REPLACEMENT HOSPITAL	64,177	64,178	-1	0					
MARTINSBURG,WV	REPLACEMENT HOSPITAL	75,717	72,502	2,393	507	297	19	822	315	19
MINNEAPOLIS,MN	REPLACEMENT HOSPITAL	189,000	158,237	848	3,685	6,853	19,377	29,914	26,229	19,376
MOUNTAIN HOME,TN	BED TOWERS/RENOVATION	70,300		10,507	40,727	2,054	17,012	793	19,066	17,012
NEW ORLEANS,LA	MOD EXPAND CL,O/P,EDUC AND RES SPACE	67,895	65,324	1,456	194	705	217	1,116	922	217
NEW YORK,NY	O/P CLINICAL ADDN AND ALTERATION/ELECTRICAL	94,300		12,934	797	830	79,740	4,766	3,970	3,140
NORTH CHICAGO(DOWNEY),IL	ENVIRO IMPROV. PAT AND NHCU BLDGS.	92,000				4,052	87,948			5,148
OKLAHOMA CITY,OK	CLINICAL ADDITION/MOD SAFETY AND FIRE	38,400	37,999	254	0		147	147	147	147
PHILADELPHIA,PA	CLINICAL ADDN RENOV. 240-BED NHCU	119,300		5,519	16,175	82,757	14,850	12,181	97,607	14,850

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
REPLACEMENT AND MODERNIZATION									
PORTLAND,OR	PORTLAND/VANCOUVER	154,100	176,100			-22,000	154,100		
RICHMOND,VA	REPLACEMENT HOSPITAL	122,087	122,087				122,087		
SALT LAKE CITY,UT	AMB CARE ADN LAB ADN RES ED CL IMPROV SURG+PAD	26,757	23,068			3,689	26,757		
SAN FRANCISCO,CA	REMODEL BLDGS 2,4,200 FOR NEW FUNCTION	33,400	33,400				33,400		
SEATTLE,WA	REPLACEMENT HOSPITAL	120,340	120,340				120,340		
WEST LOS ANGELES, CA	REPLACEMENT HOSPITAL	87,029	87,029				87,029		
WICHITA,KS	MOD ADDN + ALTERATIONS	5,762	5,762				5,762		
SUBTOTAL (36)		2931631	1822895	414160	1247	-19311	2218991	212400	500240

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
REPLACEMENT AND MODERNIZATION										
PORTLAND,OR	PORTLAND/VANCOUVER	154,100	114,790	2,102	756	11,705	24,747	59,207	36,452	24,747
RICHMOND,VA	REPLACEMENT HOSPITAL	122,087	115,840	5,744	99	296	108	503	404	108
SALT LAKE CITY,UT	AMB CARE ADM LAB ADM RES ED CL IMPROV SURG+PAD	26,757	22,828	188	3,343	128	269	51	397	269
SAN FRANCISCO,CA	REMODEL BLDGS 2,4,200 FOR NEW FUNCTION	33,400	17,605	1,484	4,565	333	9,413	14,311	9,746	9,413
SEATTLE,WA	REPLACEMENT HOSPITAL	120,340	98,271	1,635	368	60	20,005	20,434	20,065	20,005
WEST LOS ANGELES, CA	REPLACEMENT HOSPITAL	87,029	85,924				1,105	1,105	1,105	1,105
WICHITA,KS	MOD ADDN + ALTERATIONS	5,762	5,502		12	0	248	260	248	248
SUBTOTAL (36)		2931631	1557427	73128	100834	493384	706860	193588	487601	206619

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSIDERATION
NURSING HOME CARE									
ALEXANDRIA,LA	NHC-120 BEDS	5,094	5,350		-256		5,094		
AMARILLO,TX	NHC-120 BEDS	6,500		6,500			6,500		
ANN ARBOR,MI	NHC-120 BEDS	5,905	5,905				5,905		
ATLANTA,GA	NHC-120 BEDS	7,894	7,894				7,894		
BOISE,ID	NHC-60 BEDS	2,824	2,824				2,824		
BRONX,NY	NHC-120 BEDS	10,080	10,080				10,080		
COATESVILLE,PA	NHC-120 BEDS	6,929	6,929				6,929		
COLUMBIA,SC	NHC-120 BEDS	3,932	3,932				3,932		
DALLAS,TX	NHC-120 BEDS	7,220	7,220				7,220		
DENVER,CO	NHC-60 BEDS	4,335	4,335				4,335		
DURHAM,NC	NHC-120 BED RES ADM GERIATIC RES/ED CL CT	8,725	8,725				8,725		
FRESNO,CA	NHC-60 BEDS	4,639	4,639				4,639		
GAINESVILLE,FL	NHC-120 BEDS	5,290	5,290				5,290		
HINES(VAH),IL	NHC-120 BEDS	7,906	8,550		-644		7,906		
HINES(VAH),IL	NHC-120 BEDS	5,750	5,750				5,750		
KERRVILLE,TX	NHC-120 BEDS	6,970	6,970				6,970		
LAKE CITY,FL	NHC-120 BEDS	4,743	4,743				4,743		
LOMA LINDA,CA	NHC-60 BEDS	4,481	4,500		-19		4,481		
LYONS,NJ	NHC-240 BEDS	15,651	20,000		-4,349		15,651		
MARION,IL	NHC-60 BEDS	3,822	3,822				3,822		
MIAMI,FL	NHC-120 BEDS	5,764	5,764				5,764		
MURFREESBORO,TN	NHC-120 BEDS	5,555	5,553				5,555		
NORTHPORT,NY	NHC-120 BEDS	8,306	8,200		106		8,306		
PERRY POINT,MD	NHC-80 BEDS	2,747	2,747				2,747		
PRESCOTT,AZ	NHC-60 BEDS	5,200	5,200				5,200		
RENO,NV	NHC-60 BEDS	5,042	5,042				5,042		
SAN ANTONIO,TX	NHC-120 BEDS	8,185	8,185				8,185		
SAN FRANCISCO,CA	NHC-120 BEDS AND PARKING	14,700	14,700				14,700		
SAN JUAN,PR	NHC-120 BEDS & 10 BED BLIND REHAB.	8,900	8,900				8,900		
SPOKANE,WA	NHC-60 BEDS	4,713	4,713				4,713		
ST.LOUIS(JB),MO	NHC-60 BEDS	5,336	8,200		-2,864		5,336		
TAMPA,FL	NHC-120 BEDS	6,038	6,038				6,038		
TEMPLE,TX	NHC-120 BEDS	4,235	4,237		-2		4,235		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
NURSING HOME CARE										
ALEXANDRIA,LA	NHC-120 BEDS	5,094		4,852	36	40	166	242	206	166
AMARILLO,TX	NHC-120 BEDS	6,500				5,971	529		6,500	529
ANN ARBOR,MI	NHC-120 BEDS	5,905	5,752	1	33	1	118	152	119	118
ATLANTA,GA	NHC-120 BEDS	7,894	7,686	43			165	165	165	165
BOISE,ID	NHC-60 BEDS	2,824	2,660	110	18	0	36	54	36	36
BRONX,NY	NHC-120 BEDS	10,080	9,762	248	70			70		
COATESVILLE,PA	NHC-120 BEDS	6,929	6,707	-1	25		198	223	198	198
COLUMBIA,SC	NHC-120 BEDS	3,932	3,932							
DALLAS,TX	NHC-120 BEDS	7,220	6,988	6	207	14	4	225	18	4
DENVER,CO	NHC-60 BEDS	4,335	4,066	122	75	1	71	147	72	71
DURHAM,NC	NHC-120 BED RES ADM GERIATIC RES/ED CL CT	8,725		417	7,089	364	855	8,308	1,219	855
FRESNO,CA	NHC-60 BEDS	4,639	4,474	95	64	6		70	6	
GAINESVILLE,FL	NHC-120 BEDS	5,290	5,049	5	2		234	236	234	234
HINES(VAH),IL	NHC-120 BEDS	7,906	7,906		0					
HINES(VAH),IL	NHC-120 BEDS	5,750	5,295	118	299	38		337	38	
KERRVILLE,TX	NHC-120 BEDS	6,970	6,668	-42	0		344	344	344	344
LAKE CITY,FL	NHC-120 BEDS	4,743	4,473	2	247	21		268	21	
LOMA LINDA,CA	NHC-60 BEDS	4,481	298	3,861	95	95	131	322	226	131
LYONS,NJ	NHC-240 BEDS	15,651	775	13,786	189	252	649	1,090	901	649
MARION,IL	NHC-60 BEDS	3,822	3,640	12	28	1	141	170	142	141
MIAMI,FL	NHC-120 BEDS	5,764	386	5,072	70	70	167	306	236	167
MURFREESBORO,TN	NHC-120 BEDS	5,555		312	4,514	193	537	5,243	730	537
NORTHPORT,NY	NHC-120 BEDS	8,306	509	7,345	55	74	323	452	397	323
PERRY POINT,MD	NHC-80 BEDS	2,747	2,647				100	100	100	100
PRESCOTT,AZ	NHC-60 BEDS	5,200		290	4,225	233	451	4,910	685	451
RENO,NV	NHC-60 BEDS	5,042	4,829	31	161	21		181	21	
SAN ANTONIO,TX	NHC-120 BEDS	8,185	7,643	89	151	207	94	452	301	94
SAN FRANCISCO,CA	NHC-120 BEDS AND PARKING	14,700	940	63	144	10,750	2,804	13,698	13,553	2,804
SAN JUAN,PR	NHC-120 BEDS & 10 BED BLIND REHAB.	8,900		446	7,037	392	1,025	8,454	1,417	1,025
SPOKANE,WA	NHC-60 BEDS	4,713	4,418	112	18	1	164	182	165	164
ST.LOUIS(JB),MO	NHC-60 BEDS	5,336	4,869	43	7	1	416	423	417	416
TAMPA,FL	NHC-120 BEDS	6,038	5,851	51	56	0	80	137	80	80
TEMPLE,TX	NHC-120 BEDS	4,235	4,230	4	0					

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
NURSING HOME CARE									
TUCSON, AZ	NHC-120 BEDS	6,800		6,430	370		6,800		
WASHINGTON, DC	NHC-120 BEDS AND CL FACIL UNDERGROUND PK GARAGE	21,941	21,941				21,941		
WEST LOS ANGELES, CA	NHC-117 BEDS	5,470	5,470				5,470		
WEST LOS ANGELES, CA	NHC-120 BEDS (CONVERSION B-215)	4,095	4,095				4,095		
WEST LOS ANGELES, CA	NHC-120 BEDS	9,000	7,500			1,500	9,000		
WICHITA, KS	NHC-60 BEDS	3,450	3,450				3,450		
WILKES-BARRE, PA	NHC-120 BEDS	6,010	6,010				6,010		
SUBTOTAL (40)		270177	263405	12930	-7658	1500	270177		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
NURSING HOME CARE										
TUCSON,AZ	NHC-120 BEDS	6,800			355	5,629	816	370	6,445	816
WASHINGTON,DC	NHC-120 BEDS AND CL FACIL UNDERGROUND PK GARAGE	21,941	20,538	210	38	0	1,155	1,193	1,155	1,155
WEST LOS ANGELES, CA	NHC-117 BEDS	5,470		357	4,445	174	495	5,113	668	495
WEST LOS ANGELES, CA	NHC-120 BEDS (CONVERSION B-215)	4,095	3,810	175	19	1	91	110	92	91
WEST LOS ANGELES, CA	NHC-120 BEDS	9,000	371	46	6,224	1,446	913	7,083	2,359	913
WICHITA,KS	NHC-60 BEDS	3,450	3,401	10	32	7	0	39	7	
WILKES-BARRE,PA	NHC-120 BEDS	6,010	5,986	0	24			24		
SUBTOTAL (40)		270177	156562	38291	36052	26002	13272	60893	39273	13272

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
DOMICILIARIES									
BATH,NY	200-BED DOMICILIARY	7,289	7,289				7,289		
HAMPTON,VA	200-BED DOMICILIARY	10,161	10,161				10,161		
MILWAUKEE,WI	RENOVATE B-43 FOR DOM	6,400		6,050	350		6,400		
TEMPLE,TX	408-BED REPLACEMENT DOMICILIARY	17,300		16,350	950		17,300		
WEST LOS ANGELES(WAD),CA	RENOVATE BLDGS. FOR DOMICILIARY	11,675	11,675				11,675		
SUBTOTAL (5)		52825	29125	22400	1300		52825		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
DOMICILIARIES										
BATH,NY	200-BED DOMICILIARY	7,289	6,807	67	342	73		415	73	
HAMPTON,VA	200-BED DOMICILIARY	10,161	9,620	32	319	190		509	190	
MILWAUKEE,WI	RENOVATE B-43 FOR DOM	6,400			334	5,351	715	350	6,066	715
TEMPLE,TX	408-BED REPLACEMENT DOMICILIARY	17,300		829	13,051	1,395	2,025	121	3,420	2,025
WEST LOS ANGELES(WAD),CA	RENOVATE BLDGS. FOR DOMICILIARY	11,675		704	8,722	622	1,628	10,971	2,249	1,628
SUBTOTAL (5)		52825	16428	1631	22768	7631	4368	12366	11998	4368

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
RESEARCH AND EDUCATION									
BUFFALO,NY	RESEARCH BLDG./CLINICAL EXPANSION	16,250	16,250				16,250		
DALLAS,TX	RESEARCH AND EDUCATION	5,200	5,200				5,200		
EAST ORANGE,NJ	RELOCATE/CONSOL RESEARCH EXPAND CLINICAL LAB	3,800	3,800				3,800		
EAST TENNESSEE	MEDICAL SCHOOL	1,873	3,000		-1,127		1,873		
LONG BEACH,CA	RESEARCH ADDITION	9,250	9,250				9,250		
MIAMI,FL	RESEARCH AND EDUCATION ADDITION	11,597	11,597				11,597		
SHREVEPORT,LA	RESEARCH AND EDUCATION	79	87		-8		79		
WHITE RIVER JUNCTION,VT	RESEARCH AND EDUCATION BLDG.	9,300						9,300	
WOOD,WI	RENOVATE BLDG. NO. 70 ANIMAL QUARTERS	1,937	2,075		-138		1,937		
SUBTOTAL (9)		59286	51259		-1273		49986	9300	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
RESEARCH AND EDUCATION										
BUFFALO,NY	RESEARCH BLDG./CLINICAL EXPANSION	16,250		935		13,602	1,713	15,315	15,315	1,713
DALLAS,TX	RESEARCH AND EDUCATION	5,200	5,111	0	89			89		
EAST ORANGE,NJ	RELOCATE/CONSOL RESEARCH EXPAND CLINICAL LAB	3,800	239	44	2,433	533	551	3,517	1,084	551
EAST TENNESSEE	MEDICAL SCHOOL	1,873	1,774	18	0		81	81	81	81
LONG BEACH,CA	RESEARCH ADDITION	9,250	8,451	574	113	113		225	113	
MIAMI,FL	RESEARCH AND EDUCATION ADDITION	11,597	11,145				452	452	452	452
SHREVEPORT,LA	RESEARCH AND EDUCATION	79	80	-1	0					
WHITE RIVER JUNCTION,VT	RESEARCH AND EDUCATION BLDG.	9,300				7,386	1,914			1,914
WOOD,WI	RENOVATE BLDG. NO. 70 ANIMAL QUARTERS	1,937	1,937							
SUBTOTAL (9)		59286	28737	1570	2635	21633	4711	19679	17045	4711

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CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSIDERATION
OUTPATIENT IMPROVEMENTS									
ALTOONA,PA	AMBULATORY CARE ADDITION	9,734	9,734				9,734		
ATLANTA,GA	AMBULATORY CARE ADDITION	8,361	8,361				8,361		
BROCKTON(W. ROXBURY),MA	O/P ADDN,R+E,ADMIN, SEISMIC DESIGN REPLACE	42,600	42,600				42,600		
CHICAGO(WS),IL	O/P ADDN RENOV OF BLDGS 11A11B	23,724	23,724				23,724		
DALLAS,TX	AMBULATORY CARE ADDITION AND RENOVATION	6,683	6,904			-221	6,683		
DES MOINES,IA	AMBULATORY CARE ADDITION AND RENOVATION	3,323	3,450		-127		3,323		
GRAND JUNCTION,CO	O/P AND CLINICAL ADDN	11,950	11,950				11,950		
HOUSTON,TX	O/P CLINIC BLDG AND 60 BED SCIU	1,690	12,485		-10,795		1,690		
IOWA CITY,IA	AMBULATORY CARE/CLINICAL ADDITION	20,600	20,600				20,600		
LINCOLN,NE	OUTPATIENT ADDITION	4,384	4,234		150		4,384		
LOS ANGELES,CA	O/P CLINIC BLDG.	48,100	48,100				48,100		
MEMPHIS,TN	AMBULATORY CARE ADDITION	5,655	5,655				5,655		
MIAMI,FL	O/P ADDN,RENOVATION AND SCI RELOCATION	19,362	19,362				19,362		
MUSKOGEE,OK	OUTPATIENT ADDITION	8,094	8,121		-27		8,094		
NASHVILLE,TN	AMBULATORY CARE RESEARCH AND EDUCATION ADDITION	12,092	12,092				12,092		
OMAHA,NE	OUTPATIENT CLINIC ADDITION	12,416	12,416				12,416		
PITTSBURGH(UD),PA	O/P CLINIC ADDITION	25,872	25,483			389	25,872		
PROVIDENCE,RI	OUTPATIENT CLINIC	3,575	3,575				3,575		
SHERIDAN,WY	O/P CLINIC ADDITION	10,300	10,300				10,300		
SHREVEPORT,LA	O/P ELECTRICAL AND CLINICAL IMPROV.	11,470	10,400		1,070		11,470		
TUSCALOOSA,AL	OUTPATIENT CLINIC ADDITION	9,393	9,393				9,393		
WASHINGTON,DC	O/P CL RENOVATION AND ADMISSION CONSOLIDATION	4,517	4,632		-115		4,517		
WHITE RIVER JUNCTION,VT	OUTPATIENT CLINICS	3,730	3,780		-50		3,730		
WICHITA,KS	RENOVATE B-26 (OPC MAS AND PHARMACY)	5,803	5,633		170		5,803		
SUBTOTAL (24)		313428	322984		-9724	168	313428		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1984		OBLIGATIONS ESTIMATED FOR 1986			UNOBLIGATED APPROPRIATION END OF YEAR 1985		
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OUTPATIENT IMPROVEMENTS										
ALTOONA,PA	AMBULATORY CARE ADDITION	9,734	9,063	76	349	246		595	246	
ATLANTA,GA	AMBULATORY CARE ADDITION	8,361	8,300	2	0		59	59	59	59
BROCKTON(W. ROXBURY),MA	O/P ADDN,R+E,ADMIN, SEISMIC DESIGN REPLACE	42,600		2,279	34,730	1.402	4,189	40,321	5,591	4,189
CHICAGO(WS),IL	O/P ADDN RENOV OF BLDGS 11A11B	23,724	20,265	643	900	900	1.016	2,817	1,916	1,016
DALLAS,TX	AMBULATORY CARE ADDITION AND RENOVATION	6,683	6,672	10	0	0		221		
DES MOINES,IA	AMBULATORY CARE ADDITION AND RENOVATION	3,323	3,319	4	0					
GRAND JUNCTION,CO	O/P AND CLINICAL ADDN	11,950		773	9,710	303	1.164	11,177	1.467	1.164
HOUSTON,TX	O/P CLINIC BLDG AND 60 BED SCIU	1,690	1,651	32	6	1		7		
IOWA CITY,IA	AMBULATORY CARE/CLINICAL ADDITION	20,600		1,154	16.823	528	2,096	19,446	2,624	2,096
LINCOLN,NE	OUTPATIENT ADDITION	4,384	4,058	148	46	111	20	178	131	20
LOS ANGELES,CA	O/P CLINIC BLDG.	48,100	3,524	2,604	35.071	2,509	4,393	41,972	6,901	4,393
MEMPHIS,TN	AMBULATORY CARE ADDITION	5,655	5,346	-4	90		223	313	223	223
MIAMI,FL	O/P ADDN,RENOVATION AND SCI RELOCATION	19,362	18,440	263	58	58	542	659	600	542
MUSKOGEE,OK	OUTPATIENT ADDITION	8,094	7,813	238	25	18		43	18	
NASHVILLE,TN	AMBULATORY CARE RESEARCH AND EDUCATION ADDITION	12,092	12,084	-0	8			8		
OMAHA,NE	OUTPATIENT CLINIC ADDITION	12,416	895	10,815	135	135	437	707	572	437
PITTSBURGH(UD),PA	O/P CLINIC ADDITION	25,872	23,149	907	557	615	643	1,427	1,259	643
PROVIDENCE,RI	OUTPATIENT CLINIC	3,575	3,575		0					
SHERIDAN,WY	O/P CLINIC ADDITION	10,300		687	8,369	400	844	9,613	1,244	844
SHREVEPORT,LA	O/P ELECTRICAL AND CLINICAL IMPROV.	11,470		10,616	164	219	471	854	690	471
TUSCALOOSA,AL	OUTPATIENT CLINIC ADDITION	9,393	8,793	-47	185	185	276	647	461	276
WASHINGTON,DC	O/P CL RENOVATION AND ADMISSION CONSOLIDATION	4,517	4,517		0					
WHITE RIVER JUNCTION,VT	OUTPATIENT CLINICS	3,730	3,730							
WICHITA,KS	RENOVATE B-26 (OPC MAS AND PHARMACY)	5,803	5,443	329	15	15		30	15	
SUBTOTAL (24)		313428	150637	31528	107244	7646	16373	131094	24017	16373

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (A)-ADVANCE PLANNING FUND									
VARIOUS STATIONS	FY87 REQUEST	5,000					-	5,000	
VARIOUS STATIONS	FY80 ADVANCE PLANNING FUND	8,000	8,000				8,000		
VARIOUS STATIONS	FY81 ADVANCE PLANNING FUND	11,000	11,000				11,000		
VARIOUS STATIONS	FY82 ADVANCE PLANNING FUND	10,000	10,000				10,000		
VARIOUS STATIONS	FY83 ADVANCE PLANNING FUND	10,000	10,000				10,000		
VARIOUS STATIONS	FY84 ADVANCE PLANNING FUND	28,000	28,000				28,000		
VARIOUS STATIONS	FY85 ADVANCE PLANNING FUND	17,000	19,000		-2,000		17,000		
VARIOUS STATIONS	FY86 ADVANCE PLANNING FUND	4,000		4,000			4,000		
SUBTOTAL (8)		93000	86000	4000	-2000		88000	5000	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (A)-ADVANCE PLANNING FUND										
VARIOUS STATIONS	FY87 REQUEST	5,000				2,313	2,687			2,687
VARIOUS STATIONS	FY80 ADVANCE PLANNING FUND	8,000	8,000			0	0			
VARIOUS STATIONS	FY81 ADVANCE PLANNING FUND	11,000	11,000		0					
VARIOUS STATIONS	FY82 ADVANCE PLANNING FUND	10,000	10,000							
VARIOUS STATIONS	FY83 ADVANCE PLANNING FUND	10,000	10,000							
VARIOUS STATIONS	FY84 ADVANCE PLANNING FUND	28,000	5,599	15,718	1,503		5,180	6,683	5,180	5,180
VARIOUS STATIONS	FY85 ADVANCE PLANNING FUND	17,000			3,725	8,206	5,069	17,000	13,275	5,069
VARIOUS STATIONS	FY86 ADVANCE PLANNING FUND	4,000			3,543	143	314		457	314
SUBTOTAL (8)		93000	44599	15718	8771	10662	13250	23683	18912	13250

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN						
			AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (B)-ASBESTOS ABATEMENT									
VARIOUS STATIONS	FY87 REQUEST	9,908						9,908	
ALEXANDRIA,LA	ASBESTOS	40			40		40		
ALTOONA,PA	ASBESTOS	149	143			6	149		
AMARILLO,TX	ASBESTOS	267			17	250	267		
ATLANTA,GA	ASBESTOS	193	193				193		
AUGUSTA(LD),GA	ASBESTOS	172			172		172		
BATH,NY	ASBESTOS	500	500				500		
BATH,NY	ASBESTOS	300			300		300		
BATTLE CREEK,MI	ASBESTOS	160			160		160		
BIG SPRING,TX	ASBESTOS	201			201		201		
BILOXI(BD),MS	ASBESTOS	1,698			1,698		1,698		
BIRMINGHAM,AL	ASBESTOS	312			312		312		
BOISE,ID	ASBESTOS	29			22	7	29		
BOSTON,MA	ASBESTOS	93			93		93		
BROCKTON,MA	ASBESTOS	846			846		846		
BROCKTON,MA	ASBESTOS	225	29		190	6	225		
BROCKTON,MA	ASBESTOS	70	70				70		
BUFFALO,NY	ASBESTOS	4,733	298		4,435		4,733		
BUFFALO,NY	ASBESTOS	9				9	9		
CHARLESTON,SC	ASBESTOS	89			89		89		
CHICAGO(WS),IL	ASBESTOS	392	399			-7	392		
CINCINNATI(CD),OH	ASBESTOS	37	37				37		
COATESVILLE,PA	ASBESTOS	56			56		56		
DENVER,CO	ASBESTOS	3,600	2,200		1,400		3,600		
EAST ORANGE,NJ	ASBESTOS	2,369	1,350			1,019	2,369		
FARGO,ND	ASBESTOS	103			90	13	103		
FAYETTEVILLE,NC	ASBESTOS	96			96		96		
FRESNO,CA	ASBESTOS	5			3	2	5		
GRAND ISLAND,NE	ASBESTOS	6			6		6		
GRAND JUNCTION,CO	ASBESTOS	8			8		8		
HOUSTON,TX	ASBESTOS	350	350				350		
IOWA CITY,IA	ASBESTOS	135			1	134	135		
LEAVENWORTH,KS	ASBESTOS	227	197		30		227		
LONG BEACH,CA	ASBESTOS	500				500	500		
LOUISVILLE,KY	ASBESTOS	70				70	70		
MARTINSBURG,WV	ASBESTOS	173	173				173		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (B)-ASBESTOS ABATEMENT										
VARIOUS STATIONS	FY87 REQUEST	9,908				8,742	1,166			1.166
ALEXANDRIA,LA	ASBESTOS	40		40		0	0			
ALTOONA,PA	ASBESTOS	149	106	26	11	5		11	5	
AMARILLO,TX	ASBESTOS	267		17	223	12	15		27	15
ATLANTA,GA	ASBESTOS	193	114	12	52	14	0	67	14	
AUGUSTA(LD),GA	ASBESTOS	172		110	58	4		62	4	
BATH,NY	ASBESTOS	500			482	13	5	500	18	5
BATH,NY	ASBESTOS	300		191	59	46	4	109	50	5
BATTLE CREEK,MI	ASBESTOS	160		114	26	18	2	46	20	2
BIG SPRING,TX	ASBESTOS	201		152	24	22	3	49	25	3
BILOXI(BD),MS	ASBESTOS	1,698		1,059	186	186	267	639	453	267
BIRMINGHAM,AL	ASBESTOS	312			300	5	8	312	12	8
BOISE,ID	ASBESTOS	29		22	7	0				
BOSTON,MA	ASBESTOS	93		93	0	0				
BROCKTON,MA	ASBESTOS	846		684	57	76	29	162	105	29
BROCKTON,MA	ASBESTOS	225	12	196	5	6	6	11	12	6
BROCKTON,MA	ASBESTOS	70			67	2	1	70	3	1
BUFFALO,NY	ASBESTOS	4,733	22	1,229	2,671	786	24	3,481	810	24
BUFFALO,NY	ASBESTOS	9			9	0	0			
CHARLESTON,SC	ASBESTOS	89		79	4	4	2	10	6	2
CHICAGO(WS),IL	ASBESTOS	392	375		5	12		24	12	
CINCINNATI(CD),OH	ASBESTOS	37	25	3	9			9		
COATESVILLE,PA	ASBESTOS	56		55		1	0	1	1	
DENVER,CO	ASBESTOS	3,600	2,018	1,125	233	179	45	457	224	45
EAST ORANGE,NJ	ASBESTOS	2,369	150	1,187	418	501	113	13	614	113
FARGO,ND	ASBESTOS	103	90		10	3			3	
FAYETTEVILLE,NC	ASBESTOS	96		90	2	2	2	6	4	2
FRESNO,CA	ASBESTOS	5		2	1	1	1	1	2	1
GRAND ISLAND,NE	ASBESTOS	6		6	0	0	0	1		
GRAND JUNCTION,CO	ASBESTOS	8		8						
HOUSTON,TX	ASBESTOS	350		23	315	12		327	12	
IOWA CITY,IA	ASBESTOS	135		1	133	2			2	
LEAVENWORTH,KS	ASBESTOS	227	190	8	29			29		
LONG BEACH,CA	ASBESTOS	500			461	25	14		39	14
LOUISVILLE,KY	ASBESTOS	70			67	0	2		3	2
MARTINSBURG,WV	ASBESTOS	173		152	20	1		21	1	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID- ERATION
OTHER IMPR (B)-ASBESTOS ABATEMENT									
MOUNTAIN HOME,TN	ASBESTOS	306				306	306		
MURFREESBORO,TN	ASBESTOS	900	400		500		900		
MUSKOGEE,OK	ASBESTOS	288			217	71	288		
NEW ORLEANS,LA	ASBESTOS	714			714		714		
OKLAHOMA CITY,OK	ASBESTOS	245			245		245		
OMAHA,NE	ASBESTOS	30	30				30		
PHILADELPHIA,PA	ASBESTOS	20	20				20		
PHILADELPHIA,PA	ASBESTOS	156			36	120	156		
PITTSBURGH(HD),PA	ASBESTOS	500	500				500		
PITTSBURGH(HD),PA	ASBESTOS	40			40		40		
PITTSBURGH(UD),PA	ASBESTOS	609	609				609		
RICHMOND,VA	ASBESTOS	780	647		133		780		
SALT LAKE CITY,UT	ASBESTOS	247	247				247		
SAN ANTONIO,TX	ASBESTOS	18			18		18		
SAN DIEGO,CA	ASBESTOS	19			19		19		
SAN FRANCISCO,CA	ASBESTOS	320	310		10		320		
SHERIDAN,WY	ASBESTOS	11			11		11		
SHREVEPORT,LA	ASBESTOS	100			100		100		
SIOUX FALLS,SD	ASBESTOS	495	495				495		
ST.LOUIS(JCD),MO	ASBESTOS	1,072	1,072				1,072		
SYRACUSE,NY	ASBESTOS	1,570			1,570		1,570		
TAMPA,FL	ASBESTOS	52			52		52		
TEMPLE,TX	ASBESTOS	19			15	4	19		
TOMAH,WI	ASBESTOS	246	246				246		
TOPEKA,KS	ASBESTOS	48			48		48		
TUCSON,AZ	ASBESTOS	4			4		4		
TUSCALOOSA,AL	ASBESTOS	144	144				144		
TUSKEGEE,AL	ASBESTOS	155	155				155		
WACO,TX	ASBESTOS	2,100			2,100		2,100		
WEST LOS ANGELES, CA	ASBESTOS	100	100				100		
WEST LOS ANGELES, CA	ASBESTOS	12			12		12		
WICHITA,KS	ASBESTOS	80			80		80		
VARIOUS STATIONS	FY83 ASBESTOS		297			-297			
VARIOUS STATIONS	FY84 ASBESTOS	181	229		-55	7	181		
VARIOUS STATIONS	FY85 ASBESTOS	4,343	21,361		-16,133	-885	4,343		
VARIOUS STATIONS	FY86 ASBESTOS	33,666		35,000		-1,334	33,666		
SUBTOTAL (72)		77711	32801	35000	1	1	67803	9908	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (B)-ASBESTOS ABATEMENT										
MOUNTAIN HOME,TN	ASBESTOS	306		28	170	104	5	-28	108	5
MURFREESBORO,TN	ASBESTOS	900	394	92	414			414		
MUSKOGEE,OK	ASBESTOS	288	20	165	95	8		32	8	
NEW ORLEANS,LA	ASBESTOS	714		315	198	185	16	399	201	16
OKLAHOMA CITY,OK	ASBESTOS	245		233	8	4		12	4	
OMAHA,NE	ASBESTOS	30		28	1	1		2	1	
PHILADELPHIA,PA	ASBESTOS	20			19	1		20	1	
PHILADELPHIA,PA	ASBESTOS	156		36	118	3		1	3	
PITTSBURGH(HD),PA	ASBESTOS	500	500							
PITTSBURGH(HD),PA	ASBESTOS	40			37	1	2	40	3	2
PITTSBURGH(UD),PA	ASBESTOS	609	387	95	55	56	16	127	72	16
RICHMOND,VA	ASBESTOS	780		616	156	8		164	8	
SALT LAKE CITY,UT	ASBESTOS	247	164	17	64	2		66	2	
SAN ANTONIO,TX	ASBESTOS	18		10	2	3	3	8	6	3
SAN DIEGO,CA	ASBESTOS	19		19						
SAN FRANCISCO,CA	ASBESTOS	320	310	8		0	1	2	2	1
SHERIDAN,WY	ASBESTOS	11		11		0	0			
SHREVEPORT,LA	ASBESTOS	100		80	19	1		20	1	
SIOUX FALLS,SD	ASBESTOS	495	389	76	14	16		30	16	
ST.LOUIS(JCD),MO	ASBESTOS	1,072		171	885	16	0	901	16	
SYRACUSE,NY	ASBESTOS	1,570		1,503	11	24	31	67	56	31
TAMPA,FL	ASBESTOS	52		42	5	4	1	10	4	1
TEMPLE,TX	ASBESTOS	19		15	2	2	0	1	2	
TOMAH,WI	ASBESTOS	246	165	50	22	9		31	9	
TOPEKA,KS	ASBESTOS	48			5	40	3	48	43	3
TUCSON,AZ	ASBESTOS	4		4	0	0				
TUSCALOOSA,AL	ASBESTOS	144	112	18	14			14		
TUSKEGEE,AL	ASBESTOS	155	100		46	9		55	9	
WACO,TX	ASBESTOS	2,100		1,409	290	290	111	691	401	111
WEST LOS ANGELES, CA	ASBESTOS	100	14	1	84	1		85	1	
WEST LOS ANGELES, CA	ASBESTOS	12		12	6	0				
WICHITA,KS	ASBESTOS	80		76	2	2		4	2	
VARIOUS STATIONS	FY83 ASBESTOS							297		
VARIOUS STATIONS	FY84 ASBESTOS	181			174	7		174	7	
VARIOUS STATIONS	FY85 ASBESTOS	4,343			3,563	289	491	5,228	780	491
VARIOUS STATIONS	FY86 ASBESTOS	33,666			12,534	16,656	4,476		21,132	4,476
SUBTOTAL (72)		77711	5657	11813	24952	28423	6867	15333	25379	6866

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	AVAIL THRU 1985 IN 86 BUDG	APPROPRIATIONS PLAN					
				NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSIDERATION
OTHER IMPR (C)-CLINICAL IMPROVEMENTS									
ALEXANDRIA,LA	CLINICAL IMPROVEMENTS	26,300	26,300				26,300		
AMARILLO,TX	ADDITION/RENOVATION OF CLINICAL SUPPORT	20,381	21,800			-1,419	20,381		
BIG SPRING,TX	RENOVATE SURGERY	3,700		3,500	200		3,700		
BILOXI(BD),MS	CL ADDITION AND O/P	17,132	17,132				17,132		
BIRMINGHAM,AL	BLIND REHABILITATION FACILITY	4,771	4,771				4,771		
BUFFALO,NY	RENOVATE SPD	2,165	2,172		-7		2,165		
CHARLESTON,SC	CLINICAL ADDITION	9,965	12,900		-2,935		9,965		
CHEYENNE,WY	EXPAND/RENOVATE B-1 FOR CLINICAL FUNCTION	14,475	14,475				14,475		
CINCINNATI(CD),OH	CL EXPANSION AND CCL TWO ADDN ELV AND S+F	11,575	11,575				11,575		
CLARKSBURG,WV	CLINICAL ADDITION AND ALTERATIONS	21,400	21,400				21,400		
CLEVELAND,OH	CLINICAL IMPROV (SURGICAL SERVICE RELOC)	9,400	9,400				9,400		
DANVILLE,IL	RELOC/EXPAND PAD	3,461	3,461				3,461		
DURHAM,NC	CLINICAL ADDITION	29,200	29,200				29,200		
FARGO,ND	ADDITION FOR CLINICAL IMPROVEMENTS	13,687	13,687				13,687		
FAYETTEVILLE,AR	CLINICAL ADDITION	3,880	3,880				3,880		
FAYETTEVILLE,NC	CLINICAL ADDITION	11,718	22,000		-10,282		11,718		
FRESNO,CA	CL ADDN (DENTAL,SURGERY RMS)	6,250	6,250				6,250		
GAINESVILLE,FL	CLIN IMPROV RESEARCH AND EDUCATION	15,474	15,474				15,474		
HINES(VAH),IL	40 BED LONG TERM SPINAL CORD INJ UNIT	5,750	5,750				5,750		
INDIANAPOLIS(TSD),IN	CLINICAL IMPROVEMENTS EDUCATION BLDG.	10,848	10,848				10,848		
LAKE CITY,FL	RENOVATE SPD	827	827				827		
LAKE CITY,FL	OPC AND CLINICAL ADDN	4,766	4,766				4,766		
LEXINGTON,KY	CLINICAL ADDITION AND CHILLER PLANT	35,200	35,200				35,200		
LONG BEACH,CA	ADDITION AND RENOVATION FOR SPD	2,704	2,704				2,704		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (C)-CLINICAL IMPROVEMENTS										
ALEXANDRIA,LA	CLINICAL IMPROVEMENTS	26,300		2,284	22,403	368	1.246	24,016	1,614	1,246
AMARILLO,TX	ADDITION/RENOVATION OF CLINICAL SUPPORT	20,381		1,271	16,958	679	1,474	20.529	2,152	1,474
BIG SPRING,TX	RENOVATE SURGERY	3,700		167	3,063	288	183	34	471	183
BILOXI(BD),MS	CL ADDITION AND O/P	17,132	16,888	239	5			5		
BIRMINGHAM,AL	BLIND REHABILITATION FACILITY	4,771	4,601	10	161			161		
BUFFALO,NY	RENOVATE SPD	2,165	2,164	1						
CHARLESTON,SC	CLINICAL ADDITION	9,965	745	7,949	344	376	552	1,271	927	552
CHEYENNE,WY	EXPAND/RENOVATE B-1 FOR CLINICAL FUNCTION	14,475		800	11,761	473	1,441	13,675	1,913	1,441
CINCINNATI(CD),OH	CL EXPANSION AND CCL TWO ADDN ELV AND S+F	11,575	11,112	82	0		381	381	381	381
CLARKSBURG,WV	CLINICAL ADDITION AND ALTERATIONS	21,400		1,216	18,229	459	1,496	20,184	1,955	1,496
CLEVELAND,OH	CLINICAL IMPROV (SURGICAL SERVICE RELOC)	9,400	535	54		7,549	1,262	8,811	8,811	1,262
DANVILLE,IL	RELOC/EXPAND PAD	3,461	3,324	53	70	14		84	14	
DURHAM,NC	CLINICAL ADDITION	29,200		1,325	23,726	1,528	2,622	27,875	4,150	2,622
FARGO,ND	ADDITION FOR CLINICAL IMPROVEMENTS	13,687	12,726	431	211	318		530	318	
FAYETTEVILLE,AR	CLINICAL ADDITION	3,880	3,838	34	8	1		9	1	
FAYETTEVILLE,NC	CLINICAL ADDITION	11,718	638	10,385	145	158	393	695	551	393
FRESNO,CA	CL ADDN (DENTAL,SURGERY RMS)	6,250		455	5,160	244	392	5,795	636	392
GAINESVILLE,FL	CLIN IMPROV RESEARCH AND EDUCATION	15,474	14,001	13	39		1.421	1,460	1.421	1,421
HINES(VAH),IL	40 BED LONG TERM SPINAL CORD INJ UNIT	5,750		352		4,726	672	5,398	5,398	672
INDIANAPOLIS(TSD),IN	CLINICAL IMPROVEMENTS EDUCATION BLDG.	10,848	10,641	46	0		161	161	161	161
LAKE CITY,FL	RENOVATE SPD	827	766	10	51	0		51		
LAKE CITY,FL	OPC AND CLINICAL ADDN	4,766	4,529	12	159	67		226	67	
LEXINGTON,KY	CLINICAL ADDITION AND CHILLER PLANT	35,200		1,769	28,816	2,587	2,028	33,431	4,615	2,028
LONG BEACH,CA	ADDITION AND RENOVATION FOR SPD	2,704	2,541	74	52	36		89	36	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (C)-CLINICAL IMPROVEMENTS									
LONG BEACH,CA	160-BED SCI NURSING UNITS/SCI OF CLINICS	22,825	22,825				22,825		
LOUISVILLE,KY	RENOVATE OPERATING ROOMS	1,798	1,819		-21		1,798		
LOUISVILLE,KY	CLINICAL AND EDUCATION ADDITION	12,380	12,380				12,380		
MEMPHIS,TN	120-BED SPINAL CORD INJURY AND R+E	20,955	20,955				20,955		
MOUNTAIN HOME,TN	CLINICAL SUPPORT BLDG	12,296	12,136		160		12,296		
MURFREESBORO,TN	CLINICAL ADDN AND ALTERATIONS	12,384	17,000		-4,616		12,384		
PALO ALTO(PAD),CA	SURGICAL ADDITION PAD	17,643	17,521		122		17,643		
PALO ALTO(PAD),CA	SCI ADDITION	15,050	15,050				15,050		
PHILADELPHIA,PA	CLINICAL IMPROVEMENTS	1,605	1,605				1,605		
RENO,NV	CLINICAL ADDN UTILITIES IMPROV BOILER PLANT	13,351	13,444		-93		13,351		
SALEM,VA	O/P CLINICAL AND NURSING UNIT ADDITION	66,300						66,300	
SALISBURY,NC	180-BED GEROPSYCHIATRIC BLDG.	19,000						19,000	
SAN DIEGO,CA	SPINAL CORD INJURY UNIT AND O/P CLINIC	8,700	8,700				8,700		
SIOUX FALLS,SD	ADDN/RENOV (CL,ADMIN EDUCATION)	11,739	11,739				11,739		
ST.LOUIS(JCD),MO	CLINICAL ADDITION NEW AMB CARE BLDG AND WARD RENOVA	29,499	28,406			1,093	29,499		
TAMPA,FL	RADIATION THERPHY	4,413	4,170		243		4,413		
TEMPLE,TX	CLINICAL EXPANSION RELOCATE SUPPORT FUNCT	14,701	14,701				14,701		
TOGUS,ME	CLINICAL IMPROVEMENTS BUILDING 200	30,700		29,010	1,690		30,700		
TUCSON,AZ	CLINICAL ADDN FOR LAB SURGERY,PAD ETC.	14,657	13,902			755	14,657		
WHITE CITY,OR	RENOVATE CONSOL REHAB MED SVC	1,182	1,334		-152		1,182		
WOOD,WI	RELOCATE NUCLEAR MED	1,097	1,163		-66		1,097		
SUBTOTAL (45)		617304	514822	32510	-15757	429	532004	85300	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (C)-CLINICAL IMPROVEMENTS										
LONG BEACH,CA	160-BED SCI NURSING UNITS/SCI OF CLINICS	22,825		1,750	17,049	1,389	2,637	21,075	4,026	2,637
LOUISVILLE,KY	RENOVATE OPERATING ROOMS	1,798	1,798		[illegible]					
LOUISVILLE,KY	CLINICAL AND EDUCATION ADDITION	12,380		752	10,059	549	1,020	11,628	1,569	1,020
MEMPHIS,TN	120-BED SPINAL CORD INJURY AND R+E	20,955	19,917	254	399	385		784	385	
MOUNTAIN HOME,TN	CLINICAL SUPPORT BLDG	12,296	11,213	388	372	323		695	323	
MURFREESBORO,TN	CLINICAL ADDN AND ALTERATIONS	12,384	11,656	199	277	252		529	252	
PALO ALTO(PAD),CA	SURGICAL ADDITION PAD	17,643	16,499	940			204	204	204	204
PALO ALTO(PAD),CA	SCI ADDITION	15,050		795	12,750	363	1,143	14,255	1,505	1,143
PHILADELPHIA,PA	CLINICAL IMPROVEMENTS	1,605	1,427	164	14			14		
RENO,NV	CLINICAL ADDN UTILITIES IMPROV BOILER PLANT	13,351	13,351							
SALEM,VA	O/P CLINICAL AND NURSING UNIT ADDITION	66,300				54,664	11,636			11,636
SALISBURY,NC	180-BED GEROPSYCHIATRIC BLDG.	19,000				17,048	1,952			1,952
SAN DIEGO,CA	SPINAL CORD INJURY UNIT AND O/P CLINIC	8,700	710	145	6,590	936	319	7,845	1,256	319
SIOUX FALLS,[illegible]	ADDN/RENOV (CL,ADMIN EDUCATION)	11,739	10,665	113	282	282	397	961	679	397
ST.LOUIS(JCD),MO	CLINICAL ADDITION NEW AMB CARE BLDG AND WARD RENOVA	29,499	25,850	1,751	865	173	860	805	1,033	860
TAMPA,FL	RADIATION THERPHY	4,413		4,201	35	41	136	212	177	136
TEMPLE,TX	CLINICAL EXPANSION RELOCATE SUPPORT FUNCT	14,701	13,850	599		168	84	251	251	84
TOGUS,ME	CLINICAL IMPROVEMENTS BUILDING 200	30,700			1,604	25,577	3,519	1,690	29,096	3,519
TUCSON,AZ	CLINICAL ADDN FOR LAB SURGERY,PAD ETC.	14,657	13,276	388	694	300	1	239	300	1
WHITE CITY,OR	RENOVATE CONSOL REHAB MED SVC	1,182	1,181	1	0					
WOOD,WI	RELOCATE NUCLEAR MED	1,097	1,105	-8						
SUBTOTAL (,45)		617304	231546	41459	182350	122320	39630	226058	76648	39632

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (D)-DESIGN FUND									
VARIOUS STATIONS	FY87 REQUEST	19,000						19.000	
BIG SPRING,TX	RENOVATE SURGERY		200		-200				
CHICAGO(WS),IL	FIRE AND SAFETY PATIENT PRIVACY IMPROVE.		360		-360				
CLEVELAND(BRECKSVLE),OH	FIRE AND SAFETY IMPROV LIFE SAFETY BLDGS.1-7		150		-150				
CLEVELAND(WADE PARK),OH	FIRE AND SAFETY IMPROV LIFE SAFETY & STAIRS		280		-280				
COATESVILLE,PA	NEW KITCHEN AND DINING HALL		345		-345				
HAMPTON,VA	ELECTRICAL SYS MODERN.		115		-115				
HINES(VAH),IL	180-BED PSYCH REPL FACIL.		1,250		-1,250				
JACKSON,MS	INSTALL FIRE SPRINKLERS		160		-160				
KNOXVILLE,IA	FIRE AND SAFETY IMPROV.		200		-200				
LONG BEACH,CA	UPGRADE SECONDARY EL DISTRIBUTION		290		-290				
LYONS,NJ	RENOVATE B-7 AND 57		745		-745				
MILWAUKEE,WI	RENOVATE B-43 FOR DOM		350		-350				
POPLAR BLUFF,MO	ELECTRICAL IMPROVEMENTS		110		-110				
SAN DIEGO,CA	NONSTRUCTURAL SEISMIC CORRECTIONS		345		-345				
ST.LOUIS(JB),MO	SEISMIC CORRECTIONS		850		-850				
STATE OF FLORIDA	DEVELOP 13,000 GRAVESITES ADMIN AND SERVICE BLDG.		355		-355				
TEMPLE,TX	408-BED REPLACEMENT DOMICILIARY		950		-950				
TOGUS,ME	CLINICAL IMPROVEMENTS BUILDING 200		1,690		-1,690				
TOMAH,WI	MODERNIZE BLDG. 403/404		335		-335				
TOPEKA,KS	FIRE AND SAFETY,PATIENT PRIVACY AND ELECTRICAL		550		-550				
TUCSON,AZ	NHC-120 BEDS		370		-370				
VARIOUS STATIONS	FY85 DESIGN FUND	5,000	5,000				5,000		
VARIOUS STATIONS	FY86 DESIGN FUND	15,000		15,000			15,000		
SUBTOTAL (24)		39000	15000	15000	-10000		20000	19000	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (D)-DESIGN FUND										
VARIOUS STATIONS	FY87 REQUEST	19,000				11,124	7,876			7,876
BIG SPRING,TX	RENOVATE SURGERY									
CHICAGO(WS),IL	FIRE AND SAFETY PATIENT PRIVACY IMPROVE.									
CLEVELAND(BRECKSVLE),OH	FIRE AND SAFETY IMPROV LIFE SAFETY BLDGS.1-7									
CLEVELAND(WADE PARK),OH	FIRE AND SAFETY IMPROV LIFE SAFETY & STAIRS									
COATESVILLE,PA	NEW KITCHEN AND DINING HALL									
HAMPTON,VA	ELECTRICAL SYS MODERN.									
HINES(VAH),IL	180-BED PSYCH REPL FACIL.									
JACKSON,MS	INSTALL FIRE SPRINKLERS									
KNOXVILLE,IA	FIRE AND SAFETY IMPROV.									
LONG BEACH,CA	UPGRADE SECONDARY EL DISTRIBUTION									
LYONS,NJ	RENOVATE B-7 AND 57									
MILWAUKEE,WI	RENOVATE B-43 FOR DOM									
POPLAR BLUFF,MO	ELECTRICAL IMPROVEMENTS									
SAN DIEGO,CA	NONSTRUCTURAL SEISMIC CORRECTIONS									
ST.LOUIS(JB),MO	SEISMIC CORRECTIONS									
STATE OF FLORIDA	DEVELOP 13,000 GRAVESITES ADMIN AND SERVICE BLDG.									
TEMPLE,TX	408-BED REPLACEMENT DOMICILIARY									
TOGUS,ME	CLINICAL IMPROVEMENTS BUILDING 200									
TOMAH,WI	MODERNIZE BLDG. 403/404									
TOPEKA,KS	FIRE AND SAFETY,PATIENT PRIVACY AND ELECTRICAL									
TUCSON,AZ	NHC-120 BEDS									
VARIOUS STATIONS	FY85 DESIGN FUND	5,000		348			4,652	4,652	4,652	4,652
VARIOUS STATIONS	FY86 DESIGN FUND	15,000			6,383	6,555	2,062		8,617	2,062
SUBTOTAL (24)		39000		348	6383	17679	14590	4652	13269	14590

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	APPROPRIATIONS PLAN NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (E)-ELECTRICAL IMPROVEMENT									
ALBANY,NY	UPDATE PRIMARY DISTR PH III	1,719	1,719				1,719		
BATAVIA,NY	ELECTRICAL IMPROVEMENTS	1,035	1,048			-13	1,035		
BIG SPRING,TX	ELECTRICAL DISTRIBUTION SYSTEM	1,852	2,180		-328		1,852		
BOISE,ID	PRIMARY DISTR,SEC DISTR. AND GENERATOR	931	947		-16		931		
BOSTON,MA	SECONDARY GEN AND UPDATE INTERIOR WIRING	2,415	2,415				2,415		
BROOKLYN,ST.ALBANS,N.Y.	PRIMARY DISTRIBUTION AND SECONDARY GENERATOR	2,171	2,171				2,171		
BUFFALO,NY	SECONDARY GENERATOR SYS	675	679		-4		675		
CINCINNATI,OH	UPGRADE ELECTRICAL DISTRIBUTION	3,379	3,379				3,379		
DALLAS,TX	UPGRADE PRIMARY ELECT. DISTR. SYSTEM	3,110	3,110				3,110		
HAMPTON,VA	ELECTRICAL SYS MODERN.	2,100		1,985	115		2,100		
HINES(VAH),IL	PRIMARY AND SECONDARY DISTR/SECOND GEN	3,602	3,602				3,602		
HOUSTON,TX	EMERGENCY GENERATOR AND ELECTRICAL IMPROVEMENTS	2,499	,975		524		2,499		
LAKE CITY,FL	PRIMARY AND SECONDARY DISTR. GENERATOR	1,388	,388				1,388		
LONG BEACH,CA	EMERGENCY GENERATOR AND ELECTRICAL IMPROVEMENTS	1,510	,510				1,510		
LONG BEACH,CA	UPGRADE SECONDARY EL DISTRIBUTION	5,300		5,010	290		5,300		
OMAHA,NE	CORR ELECTRICAL,FIRE AND SAFETY DEFIC.	5,460	,460				5,460		
PERRY POINT,MD	ELECTRICAL IMPROVEMENTS	1,620	,661		-41		1,620		
POPLAR BLUFF,MO	ELECTRICAL IMPROVEMENTS	2,000		1,890	110		2,000		
SALT LAKE CITY,UT	ELECTRICAL IMPROVEMENTS	6,600						6,600	
SAN DIEGO,CA	EMERG GENERATOR AND CONSERVATION OF ENERGY	4,200	,200				4,200		
SYRACUSE,NY	ELECTRICAL IMPROVEMENTS	1,288	,288				1,288		
TUSKEGEE,AL	PRIMARY DISTR AND 2ND DISTRIBUTION SYSTEMS	2,219	2,219				2,219		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (E)-ELECTRICAL IMPROVEMENT										
ALBANY,NY	UPDATE PRIMARY DISTR PH III	1,719	1,334				385	385	385	385
BATAVIA,NY	ELECTRICAL IMPROVEMENTS	1,035	1,041		-6			7		
BIG SPRING,TX	ELECTRICAL DISTRIBUTION SYSTEM	1,852		1,730	29	38	54	122	93	54
BOISE,ID	PRIMARY DISTR,SEC DISTR. AND GENERATOR	931	928	3						
BOSTON,MA	SECONDARY GEN AND UPDATE INTERIOR WIRING	2,415	2,218	19			178	178	178	178
BROOKLYN,ST.ALBANS,N.Y.	PRIMARY DISTRIBUTION AND SECONDARY GENERATOR	2,171	2,107	10	28	25	1	54	26	1
BUFFALO,NY	SECONDARY GENERATOR SYS	675	676	-1						
CINCINNATI,OH	UPGRADE ELECTRICAL DISTRIBUTION	3,379	2,874	219	121	118	47	286	165	47
DALLAS,TX	UPGRADE PRIMARY ELECT. DISTR. SYSTEM	3,110		190	2,527	193	200	2,920	393	200
HAMPTON,VA	ELECTRICAL SYS MODERN.	2,100			110	1,773	217	115	1,990	217
HINES(VAH),IL	PRIMARY AND SECONDARY DISTR/SECOND GEN	3,602	3,323	108	130	41		171	41	
HOUSTON,TX	EMERGENCY GENERATOR AND ELECTRICAL IMPROVEMENTS	2,499	1,946	454			99	99	99	99
LAKE CITY,FL	PRIMARY AND SECONDARY DISTR. GENERATOR	1,388	1,307	21			60	60	60	60
LONG BEACH,CA	EMERGENCY GENERATOR AND ELECTRICAL IMPROVEMENTS	1,510	1,472				38	38	38	38
LONG BEACH,CA	UPGRADE SECONDARY EL DISTRIBUTION	5,300			277	4,561	463	290	5,023	463
OMAHA,NE	CORR ELECTRICAL,FIRE AND SAFETY DEFIC.	5,460		342		4,631	488	5,118	5,118	488
PERRY POINT,MD	ELECTRICAL IMPROVEMENTS	1,620	1,616	3	0					
POPLAR BLUFF,MO	ELECTRICAL IMPROVEMENTS	2,000			104	1,678	217	110	1,896	217
SALT LAKE CITY,UT	ELECTRICAL IMPROVEMENTS	6,600				5,802	798			798
SAN DIEGO,CA	EMERG GENERATOR AND CONSERVATION OF ENERGY	4,200	240	434	3,076	284	166	3,526	450	166
SYRACUSE,NY	ELECTRICAL IMPROVEMENTS	1,288	1,225				63	63	63	63
TUSKEGEE,AL	PRIMARY DISTR AND 2ND DISTRIBUTION SYSTEMS	2,219	2,080				139	139	139	139

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CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSIDERATION
OTHER IMPR (E)-ELECTRICAL IMPROVEMENT									
WACO, TX	EMERGENCY GENERATOR AND ELECTRICAL IMPROVEMENTS	747	747				747		
SUBTOTAL (23)		57820	41698	8885	650	-13	51220	6600	

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CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (E)-ELECTRICAL IMPROVEMENT										
WACO,TX	EMERGENCY GENERATOR AND ELECTRICAL IMPROVEMENTS	747	713		34			34		
SUBTOTAL (23)		57820	25101	3533	6431	19144	3613	13715	16157	3613

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CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID- ERATION
OTHER IMPR (F)-ELEVATORS									
ATLANTA,GA	TWO ADDITIONAL ELEVATORS	2,063	2,063				2,063		
BROOKLYN,NY	ADDITIONAL ELEVATORS	1,657	1,615			42	1,657		
DURHAM,NC	ADDITIONAL ELEVATORS	3,245	3,245				3,245		
PALO ALTO(PAD),CA	TWO ADDITIONAL ELEVATORS	1,542	1,544		-2		1,542		
WILKES-BARRE,PA	THREE ELEVATORS	2,120	2,120				2,120		
SUBTOTAL (5)		10627	10587		-2	42	10627		

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CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (F)-ELEVATORS										
ATLANTA,GA	TWO ADDITIONAL ELEVATORS	2,063	1,974	38	12	0	39	51	39	39
BROOKLYN,NY	ADDITIONAL ELEVATORS	1,657	1,615		41	0	1		1	1
DURHAM,NC	ADDITIONAL ELEVATORS	3,245	196	2,817	77	87	69	232	155	69
PALO ALTO(PAD),CA	TWO ADDITIONAL ELEVATORS	1,542	1,531	11						
WILKES-BARRE,PA	THREE ELEVATORS	2,120	1,938		0		182	182	182	182
SUBTOTAL (5)		10627	7254	2866	129	87	291	465	377	291

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

OTHER IMPR (G)-ENERGY CONSERVATION

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
ALBUQUERQUE,NM	ENERGY CONSERVATION	398	398				398		
AMARILLO,TX	ENERGY CONSERVATION	40	40				40		
ATLANTA,GA	ENERGY CONSERVATION	100	100				100		
AUGUSTA(LD),GA	ENERGY CONVERSATION	279	279				279		
AUGUSTA(LD),GA	ENERGY CONSERVATION	350	350				350		
BILOXI(BD),MS	ENERGY CONSERVATION	110	110				110		
COATESVILLE,PA	ENERGY CONSERVATION	700	700				700		
DALLAS,TX	ENERGY CONSERVATION	67	67				67		
DAYTON,OH	ENERGY CONVERSATION	372	372				372		
DENVER,CO	ENERGY CONSERVATION	1,800	1,800				1,800		
DENVER,CO	ENERGY CONSERVATION	40	40				40		
FRESNO,CA	ENERGY CONSERVATION	44	44				44		
GAINESVILLE,FL	ENERGY CONSERVATION	23	23				23		
HUNTINGTON,WV	ENERGY CONSERVATION	403	403				403		
KERRVILLE,TX	ENERGY CONSERVATION	106	106				106		
LAKE CITY,FL	ENERGY CONSERVATION	73	73				73		
LITTLE ROCK,AR	ENERGY CONSERVATION	500	500				500		
LONG BEACH,CA	EMERGY CONSERVATION	165				165	165		
MEMPHIS,TN	ENERGY CONSERVATION	156	156				156		
MIAMI,FL	ENERGY CONSERVATION	207	207				207		
MURFREESBORO,TN	ENERGY CONSERVATION	69	69				69		
MUSKOGEE,OK	ENERGY CONSERVATION	269	284			-15	269		
NASHVILLE,TN	ENERGY CONVERSATION	250	250				250		
NEW ORLEANS,LA	ENERGY CONSERVATION	386	386				386		
PALO ALTO(PAD),CA	ENERGY CONSERVATION	410	410				410		
PALO ALTO(PAD),CA	ENERGY CONSERVATION	225	225				225		
PERRY POINT,MD	ENERGY CONSERVATION	108	108				108		
RENO,NV	ENERGY CONSERVATION	125	125				125		
RENO,NV	ENERGY CONSERVATION	46	46				46		
SALT LAKE CITY,UT	ENERGY CONSERVATION	1,216	1,216				1,216		
SPOKANE,WA	ENERGY CONSERVATION	67	67				67		
TEMPLE,TX	ENERGY CONSERVATION	338	338				338		
TEMPLE,TX	ENERGY CONSERVATION	67	67				67		
TUCSON,AZ	ENERGY CONSERVATION	173	173				173		
TUSCALOOSA,AL	ENERGY CONSERVATION-	127	127				127		
TUSKEGEE,AL	ENERGY CONSERVATION	76	76				76		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (G)-ENERGY CONSERVATION										
ALBUQUERQUE,NM	ENERGY CONSERVATION	398	349		25	19	5	49	24	5
AMARILLO,TX	ENERGY CONSERVATION	40	40		0					
ATLANTA,GA	ENERGY CONSERVATION	100	95		5			5		
AUGUSTA(LD),GA	ENERGY CONVERSATION	279	279							
AUGUSTA(LD),GA	ENERGY CONSERVATION	350	350							
BILOXI(BD),MS	ENERGY CONSERVATION	110	110							
COATESVILLE,PA	ENERGY CONSERVATION	700	700	-1	1			1		
DALLAS,TX	ENERGY CONSERVATION	67	67		0	0				
DAYTON,OH	ENERGY CONVERSATION	372	372		0					
DENVER,CO	ENERGY CONSERVATION	1,800	1,768			18	13	32	32	13
DENVER,CO	ENERGY CONSERVATION	40	40							
FRESNO,CA	ENERGY CONSERVATION	44	44		0	0				
GAINESVILLE,FL	ENERGY CONSERVATION	23	23		0					
HUNTINGTON,WV	ENERGY CONSERVATION	403	403							
KERRVILLE,TX	ENERGY CONSERVATION	106	100		6			6		
LAKE CITY,FL	ENERGY CONSERVATION	73	73							
LITTLE ROCK,AR	ENERGY CONSERVATION	500	500		0					
LONG BEACH,CA	EMERGY CONSERVATION	165			158	1	6		7	6
MEMPHIS,TN	ENERGY CONSERVATION	156	149		7			8		
MIAMI,FL	ENERGY CONSERVATION	207	207							
MURFREESBORO,TN	ENERGY CONSERVATION	69	65		4			4		
MUSKOGEE,OK	ENERGY CONSERVATION	269	269		0	0		15		
NASHVILLE,TN	ENERGY CONVERSATION	250	250							
NEW ORLEANS,LA	ENERGY CONSERVATION	386	342		35	9		44	9	
PALO ALTO(PAD),CA	ENERGY CONSERVATION	410	364		46			46		
PALO ALTO(PAD),CA	ENERGY CONSERVATION	225	200		14	10	2	25	11	2
PERRY POINT,MD	ENERGY CONSERVATION	108	108							
RENO,NV	ENERGY CONSERVATION	125	125							
RENO,NV	ENERGY CONSERVATION	46	46		0					
SALT LAKE CITY,UT	ENERGY CONSERVATION	1,216	1,216							
SPOKANE,WA	ENERGY CONSERVATION	67	64		3			3		
TEMPLE,TX	ENERGY CONSERVATION	338	338							
TEMPLE,TX	ENERGY CONSERVATION	67	63		4			4		
TUCSON,AZ	ENERGY CONSERVATION	173	165		8			8		
TUSCALOOSA,AL	ENERGY CONSERVATION-	127	120		7			7		
TUSKEGEE,AL	ENERGY CONSERVATION	76	72		4			4		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN						
			AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (G)-ENERGY CONSERVATION									
WASHINGTON, DC	ENERGY CONSERVATION	538	538				538		
WEST LOS ANGELES(WAD), CA	ENERGY CONSERVATION	54	54				54		
VARIOUS STATIONS	FY79 ENERGY CONSERVATION		2,431		-2,431				
VARIOUS STATIONS	FY80 ENERGY CONSERVATION		3,350		-3,350				
VARIOUS STATIONS	FY81 ENERGY CONSERVATION	7,820	7,985			-165	7,820		
VARIOUS STATIONS	FY82 ENERGY CONSERVATION	2,634	2,619			15	2,634		
VARIOUS STATIONS	FY83 ENERGY CONSERVATION	3,857	3,857				3,857		
VARIOUS STATIONS	FY84 ENERGY CONSERVATION	4,354	4,354				4,354		
VARIOUS STATIONS	FY85 ENERGY CONSERVATION	5,220	5,220				5,220		
SUBTOTAL (45)		34362	40143		-5781		34362		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (G)-ENERGY CONSERVATION										
WASHINGTON,DC	ENERGY CONSERVATION	538	538		0					
WEST LOS ANGELES(WAD),CA	ENERGY CONSERVATION	54	50		4			4		
VARIOUS STATIONS	FY79 ENERGY CONSERVATION									
VARIOUS STATIONS	FY80 ENERGY CONSERVATION									
VARIOUS STATIONS	FY81 ENERGY CONSERVATION	7,820					7,820	7,985	7,820	7,820
VARIOUS STATIONS	FY82 ENERGY CONSERVATION	2,634					2,634	2,619	2,634	2,634
VARIOUS STATIONS	FY83 ENERGY CONSERVATION	3,857					3,857	3,857	3,857	3,857
VARIOUS STATIONS	FY84 ENERGY CONSERVATION	4,354					4.354	4,354	4,354	4,354
VARIOUS STATIONS	FY85 ENERGY CONSERVATION	5,220					5,220	5,220	5,220	5,220
SUBTOTAL (45)		34362	10064	-1	332	57	23911	24300	23968	23911

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (H)-FIRE & SAFETY IMPROV									
AUGUSTA,GA	FIRE AND SAFETY IMPROV.	869	869				869		
BEDFORD,MA	SMOKE PARTITIONS AND BARRIER DOORS	844	844				844		
BOSTON,MA	FIRE AND SAFETY IMPROVE. (SPRINKLERS)	4,280	4,280				4,280		
BROCKTON,MA	FIRE AND SAFETY IMPROV.	2,267	3,343		-1,076		2,267		
BUFFALO,NY	FIRE AND SAFETY IMPROV.	4,782	4,782				4,782		
CHICAGO(WS),IL	FIRE AND SAFETY PATIENT PRIVACY IMPROVE.	6,600		6,240	360		6,600		
CHILLICOTHE,OH	ELIMINATE EXIT DEFIC.	672	672				672		
CLEVELAND(BRECKSVLE),OH	FIRE AND SAFETY IMPROV LIFE SAFETY BLDGS.1-7	2,700		2,550	150		2,700		
CLEVELAND(WADE PARK),OH	FIRE AND SAFETY IMPROV LIFE SAFETY & STAIRS	5,200		4,920	280		5,200		
COATESVILLE,PA	FIRE AND SAFETY IMPROV.	11,600	11,600				11,600		
GRAND ISLAND,NE	FIRE AND SAFETY IMPROV. HVAC/PAT PRIV AND SUPPORT	5,850	5,850				5,850		
HAMPTON,VA	FIRE AND SAFETY IMPROV.	5,670	5,670				5,670		
INDIANAPOLIS,IN	FIRE AND SAFETY IMPROV.	5,000		5,000			5,000		
IOWA CITY,IA	FIRE AND SAFETY IMPROV.	1,301	1,301				1,301		
JACKSON,MS	INSTALL FIRE SPRINKLERS	3,000		2,840	160		3,000		
KNOXVILLE,IA	FIRE AND SAFETY IMPROV.	3,700		3,500	200		3,700		
LEAVENWORTH,KS	S+F IMPROV EXITS AND SPRINKLERS	8,085	8,085				8,085		
LIVERMORE,CA	F+S IMPROV ONE SERVICE ELEVATOR EXPAND AMB CARE	6,500	6,500				6,500		
LYONS,NJ	FIRE AND SAFETY IMPROV.	13,200	13,200				13,200		
MILWAUKEE,WI	FIRE AND SAFETY IMPROV.	8,400						8,400	
MONTGOMERY,AL	SMOKE PARTITIONS	461	461				461		
MURFREESBORO,TN	FIRE AND SAFETY IMPROV.	1,599	1,599				1,599		
NEW YORK,NY	FIRE AND SAFETY IMPROV. ALTER/ELECTRICAL	5,280	5,280				5,280		
NORTH CHICAGO(DOWNEY),IL	FIRE AND SAFETY IMPROV.	4,026	4,026				4,026		
PITTSBURGH(HD),PA	FIRE AND SAFETY IMPROV.	5,325	5,325				5,325		
PITTSBURGH(HD),PA	FIRE AND SMOKE DETECT MOD HVAC/2ND ELECTRICAL SYS	31,900	31,900				31,900		
SALEM,VA	FIRE AND SAFETY IMPROV.	2,223	2,529		-306		2,223		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (H)-FIRE & SAFETY IMPROV										
AUGUSTA,GA	FIRE AND SAFETY IMPROV.	869	801				68	68	68	68
BEDFORD,MA	SMOKE PARTITIONS AND BARRIER DOORS	844	842	2	0					
BOSTON,MA	FIRE AND SAFETY IMPROVE. (SPRINKLERS)	4,280		247	3,280	163	590	4,033	753	590
BROCKTON,MA	FIRE AND SAFETY IMPROV.	2,267	347	1,536	250	121	13	384	134	13
BUFFALO,NY	FIRE AND SAFETY IMPROV.	4,782	4,262	66	334	120		454	120	
CHICAGO(WS),IL	FIRE AND SAFETY PATIENT PRIVACY IMPROVE.	6,600			345	5,463	792	360	6,255	792
CHILLICOTHE,OH	ELIMINATE EXIT DEFIC.	672	633	10	30			30		
CLEVELAND(BRECKSVLE),OH	FIRE AND SAFETY IMPROV LIFE SAFETY BLDGS.1-7	2,700			141	2,268	291	150	2,559	291
CLEVELAND(WADE PARK),OH	FIRE AND SAFETY IMPROV LIFE SAFETY & STAIRS	5,200			272	4,400	529	280	4,928	529
COATESVILLE,PA	FIRE AND SAFETY IMPROV.	11,600		721	9,299	507	1,073	10,879	1,580	1,073
GRAND ISLAND,NE	FIRE AND SAFETY IMPROV. HVAC/PAT PRIV AND SUPPORT	5,850		364	4,796	255	435	5,486	690	435
HAMPTON,VA	FIRE AND SAFETY IMPROV.	5,670		319	4,607	197	547	5,351	744	547
INDIANAPOLIS,IN	FIRE AND SAFETY IMPROV.	5,000			475		4,525		4,525	4,525
IOWA CITY,IA	FIRE AND SAFETY IMPROV.	1,301	1,224	7	70			70		
JACKSON,MS	INSTALL FIRE SPRINKLERS	3,000			157	2,509	334	160	2,843	334
KNOXVILLE,IA	FIRE AND SAFETY IMPROV.	3,700			3,256	145	299	200	444	299
LEAVENWORTH,KS	S+F IMPROV EXITS AND SPRINKLERS	8,085	6,918	526	248	260	133	641	393	133
LIVERMORE,CA	F+S IMPROV ONE SERVICE ELEVATOR EXPAND AMB CARE	6,500	441	16			6,043	6,043	6,043	6,043
LYONS,NJ	FIRE AND SAFETY IMPROV.	13,200		784	10,644	430	1,343	12,416	1,772	1,343
MILWAUKEE,WI	FIRE AND SAFETY IMPROV.	8,400				6,518	1,882			1,882
MONTGOMERY,AL	SMOKE PARTITIONS	461	422	-1	41			41		
MURFREESBORO,TN	FIRE AND SAFETY IMPROV.	1,599	1,485	-0	0		114	114	114	114
NEW YORK,NY	FIRE AND SAFETY IMPROV. ALTER/ELECTRICAL	5,280	4,912	25	2	1	341	344	342	341
NORTH CHICAGO(DOWNEY),IL	FIRE AND SAFETY IMPROV.	4,026	3,982	-18			62	62	62	62
PITTSBURGH(HD),PA	FIRE AND SAFETY IMPROV.	5,325	4,998	15			312	312	312	312
PITTSBURGH(HD),PA	FIRE AND SMOKE DETECT MOD HVAC/2ND ELECTRICAL SYS	31,900		1,893	26,350	1,291	2,367	30,007	3,657	2,367
SALEM,VA	FIRE AND SAFETY IMPROV.	2,223	2,229	-6						

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (H)-FIRE & SAFETY IMPROV									
SAN ANTONIO,TX	SPRINKLER HOSPITAL AND SAFETY/FIRE IMPROV	3,911	3,911				3,911		
SEPULVEDA,CA	FIRE AND SAFETY IMPROV.	6,625	6,625				6,625		
SHREVEPORT,LA	FIRE AND SAFETY IMPROV.	910	943		-33		910		
ST.LOUIS(JB),MO	FIRE AND SAFETY IMPROV.	1,918	1,918				1,918		
TOGUS,ME	FIRE AND SAFETY IMPROV.	885	890			-5	885		
TOPEKA,KS	FIRE AND SAFETY,PATIENT PRIVACY AND ELECTRICAL	18,150	8,150	9,450	550		18,150		
WACO,TX	FIRE AND SAFETY IMPROV.	4,700	4,700				4,700		
WEST HAVEN,CT	FIRE AND SAFETY IMPROV.	7,200	7,200				7,200		
SUBTOTAL (35)		195633	152453	34500	285	-5	187233	8400	

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CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (H)-FIRE & SAFETY IMPROV										
SAN ANTONIO,TX	SPRINKLER HOSPITAL AND SAFETY/FIRE IMPROV	3,911	3,691	44	26	1	149	176	150	149
SEPULVEDA,CA	FIRE AND SAFETY IMPROV.	6,625	6,135	43	2	1	444	447	445	444
SHREVEPORT,LA	FIRE AND SAFETY IMPROV.	910	921	-10						
ST.LOUIS(JB),MO	FIRE AND SAFETY IMPROV.	1,918	1,622	-3	1		298	298	298	298
TOGUS,ME	FIRE AND SAFETY IMPROV.	885	885		0	0		5		
TOPEKA,KS	FIRE AND SAFETY,PATIENT PRIVACY AND ELECTRICAL	18,150		766	16,285	128	971	7,934	1,098	971
WACO,TX	FIRE AND SAFETY IMPROV.	4,700	4,345	212	0		143	143	143	143
WEST HAVEN,CT	FIRE AND SAFETY IMPROV.	7,200	310	21	4,994	726	1,149	6,868	1,874	1,149
SUBTOTAL (35)		195633	51404	7579	85905	25503	25245	93756	42346	25247

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CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID- ERATION
OTHER IMPR (I)-GENERAL PROJECTS									
ALBANY,NY	MODIFY WARDS	24,600	24,600				24,600		
ALBANY,NY	RADIATION THERAPY	1,663	1,663				1,663		
AMERICAN LAKE,WA	LAUNDRY REPLACEMENT	4,380	4,380				4,380		
ATLANTA,GA	WAREHOUSE ENGINEERING OFFICE	1,831	1,831				1,831		
AUGUSTA(LD),GA	BOILER PLANT STEAM DISTRIBUTION SYSTEM	2,980	2,980				2,980		
AUGUSTA(LD),GA	DINING HALL KITCHEN AND SUBSISTENCE WAREHOUSE	3,175	3,175				3,175		
BATH,NY	RENOVATE BLDG.NO.78 (NHCU)	6,345	7,000		-655		6,345		
BATTLE CREEK,MI	REPLACE ADMINISTRATION BUILDING CANCELLED	142	142				142		
BATTLE CREEK,MI	RENOVATE BLDG. NO.82 1ST & 2ND FLRS PAT PRIV	3,043	3,800		-757		3,043		
BILOXI(BD),MS	RENOVATE HOSP BLDG.NO.2 DAMAGED BY FIRE	5,000	5,000				5,000		
BOISE,ID	GEOTHERMAL CONVERSION	4,390	4,390				4,390		
BROCKTON,MA	MOD BLDG.2 AND 7	21,986	24,000		-2,014		21,986		
BROOKLYN,NY	AIR OXYGEN VACUUM SYSTEM	3,476	3,476				3,476		
BROOKLYN,ST.ALBANS,N.Y.	LAUNDRY CONSOLIDATION	7,869	7,869				7,869		
BROOKLYN,ST.ALBANS,N.Y.	MODERNIZE KITCHEN AND SATELLITE DINING	4,800		4,800			4,800		
CASTLE POINT,NY	BLDG. ADDTION	8,000	8,000				8,000		
CASTLE POINT,NY	RELOCATE AND REPLACE BOILER PLANT	2,008	2,224		-216		2,008		
CHICAGO(WS),IL	RENOVATION OF BLDGS 11A AND 11B PH II	18,000		18,000			18,000		
CHILLICOTHE,OH	RENOVATE BLDG.-1 PH-3	4,270	4,270				4,270		
CINCINNATI(CD),OH	REMODEL AND EXPAND CANTEEN	1,104	1,139		-35		1,104		
COATESVILLE,PA	NEW KITCHEN AND DINING HALL	6,300		5,955	345		6,300		
COLUMBIA,SC	RENOVATE BLDG.NO.22 ADMINISTRATION	1,578	1,578				1,578		
DANVILLE,IL	RENOVATE BLDG.-14 ADMIN	2,780	2,780				2,780		
DURHAM,NC	BOILER PLANT	2,200		2,200			2,200		

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($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (I)-GENERAL PROJECTS										
ALBANY,NY	MODIFY WARDS	24,600		1,326	1,746	19,663	1,866	23,274	21,528	1,866
ALBANY,NY	RADIATION THERAPY	1,663	1,462				201	201	201	201
AMERICAN LAKE,WA	LAUNDRY REPLACEMENT	4,380		1,925	1,986	182	286	2,455	469	286
ATLANTA,GA	WAREHOUSE ENGINEERING OFFICE	1,831	1,809	2	20	0		20		
AUGUSTA(LD),GA	BOILER PLANT STEAM DISTRIBUTION SYSTEM	2,980	2,809	3			168	168	168	168
AUGUSTA(LD),GA	DINING HALL KITCHEN AND SUBSISTENCE WAREHOUSE	3,175	3,055				120	120	120	120
BATH,NY	RENOVATE BLDG.NO.78 (NHCU)	6,345	361	5,516	97	117	254	468	371	254
BATTLE CREEK,MI	REPLACE ADMINISTRATION BUILDING CANCELLED	142	109				33	33	33	33
BATTLE CREEK,MI	RENOVATE BLDG. NO.82 1ST & 2ND FLRS PAT PRIV	3,043	237	2,486	114	114	92	320	206	92
BILOXI(BD),MS	RENOVATE HOSP BLDG.NO.2 DAMAGED BY FIRE	5,000	4,816	-1			185	185	185	185
BOISE,ID	GEOTHERMAL CONVERSION	4,390		254	3,617	200	319	4,136	519	319
BROCKTON,MA	MOD BLDG.2 AND 7	21,986	979	18,710	543	724	1,030	2,298	1,755	1,030
BROOKLYN,NY	AIR OXYGEN VACUUM SYSTEM	3,476	3,224	109	87	56		144	56	
BROOKLYN,ST.ALBANS,N.Y.	LAUNDRY CONSOLIDATION	7,869	7,693	33	72	72		144	72	
BROOKLYN,ST.ALBANS,N.Y.	MODERNIZE KITCHEN AND SATELLITE DINING	4,800			456		4,344		4,344	4,344
CASTLE POINT,NY	BLDG. ADDTION	8,000	412	88	5,993	810	698	7,500	1,507	698
CASTLE POINT,NY	RELOCATE AND REPLACE BOILER PLANT	2,008	2,006	2	0					
CHICAGO(WS),IL	RENOVATION OF BLDGS 11A AND 11B PH II	18,000			1,710	14,233	2,057		16,290	2,057
CHILLICOTHE,OH	RENOVATE BLDG.-1 PH-3	4,270		33	3,541	455	242	4,237	697	242
CINCINNATI(CD),OH	REMODEL AND EXPAND CANTEEN	1,104	1,104		0					
COATESVILLE,PA	NEW KITCHEN AND DINING HALL	6,300		234	4,637	341	1,088	111	1,428	1,088
COLUMBIA,SC	RENOVATE BLDG.NO.22 ADMINISTRATION	1,578	1,510				68	68	68	68
DANVILLE,IL	RENOVATE BLDG.-14 ADMIN	2,780		105	2,259	146	270	2,675	416	270
DURHAM,NC	BOILER PLANT	2,200			1,921	122	157		279	157

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID- ERATION
OTHER IMPR (I)-GENERAL PROJECTS									
EAST ORANGE,NJ	IMPROVE AND CORRECT ENVIRONMENTAL DEFIC.	32,664	32,664				32,664		
HINES(DPC),IL	SUPPLY DEPO EXPANDSION BULDG.NO.37	6,257	6,257				6,257		
HINES(VAH),IL	NEW WAREHOUSE/SERVICE BLDG.	8,628	11,000		-2,372		8,628		
HINES(VAH),IL	180-BED PSYCH REPL FACIL.	23,000		21,750	1,250		23,000		
HUNTINGTON,WV	ADDITION BLDG NO.1	7,097	7,097				7,097		
LIVERMORE,CA	REMODEL 5TH FLOOR WARDS BLDG.NO.62	1,824	1,864		-40		1,824		
LONG BEACH,CA	CONSTR SUPPLY WAREHOUSE	3,770	3,770				3,770		
LOUISVILLE,KY	MED GAS,NURSE CALL SYS PATIENT PRIVACY	2,356	2,356				2,356		
LYONS,NJ	RENOVATE BLDG.4 INTERMEDIATE CARE	3,870	3,870				3,870		
LYONS,NJ	RENOVATE B-7 AND 57	13,600		12,855	745		13,600		
MURFREESBORO,TN	REMODEL WARDS 5A AND 5B	1,682	1,682				1,682		
MURFREESBORO,TN	RENOVATE WARDS 6A AND 6B	1,524	1,524				1,524		
PERRY POINT,MD	SEWER PLANT UPGRADING	1,300	1,212		88		1,300		
PERRY POINT,MD	NEW LAUNDRY BLDG.	5,427	7,700		-2,273		5,427		
PITTSBURGH(UD),PA	CENTRAL LAUNDRY	5,234	5,234				5,234		
SALEM,VA	MODERNIZE BLDG NO.76 INTERMEDIATE CARE	155	390		-235		155		
SALEM,VA	RENOVATE BLDG NO 77	1,383	1,383				1,383		
SAN ANTONIO,TX	SUPPLY WAREHOUSE AND SPD	4,387	4,200		247	-60	4,387		
ST.LOUIS(JB),MO	RELOCATE ADMIN TO BLDG.NO.18	1,249	1,249				1,249		
ST.LOUIS(JB),MO	REMODEL BLDG.NO.53	9,900		9,900			9,900		
ST.LOUIS(JB),MO	LAUNDRY REPLACEMENT	3,800	3,800				3,800		
SYRACUSE,NY	F+S PATIENT PRIVACY AND SUPPORT SYS AND HVAC	31,274	32,800		-1,526		31,274		
TAMPA,FL	LAND ACQUISITION	2,150	2,000		150		2,150		
TOGUS,ME	RENOVATE BLDG.NO.207 1ST AND 3RD FLOOR	2,847	2,847				2,847		
TOMAH,WI	MODERNIZE BLDG. 406/408	6,645	6,645				6,645		
TOMAH,WI	MODERNIZE BLDG. 403/404	6,100		5,765	335		6,100		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (I)-GENERAL PROJECTS										
EAST ORANGE,NJ	IMPROVE AND CORRECT ENVIRONMENTAL DEFIC.	32,664	31,451	116	95	95	906	1,097	1,002	906
HINES(DPC),IL	SUPPLY DEPO EXPANDSION BULDG.NO.37	6,257	6,072	63	71	51		122	51	
HINES(VAH),IL	NEW WAREHOUSE/SERVICE BLDG.	8,628	400	7,585	155	155	332	642	487	332
HINES(VAH),IL	180-BED PSYCH REPL FACIL.	23,000			1,202	19,038	2,760	1,250	21,798	2,760
HUNTINGTON,WV	ADDITION BLDG NO.1	7,097	7,021	7	69			69		
LIVERMORE,CA	REMODEL 5TH FLOOR WARDS BLDG.NO.62	1,824	1,824							
LONG BEACH,CA	CONSTR SUPPLY WAREHOUSE	3,770		244	3,063	120	343	3,526	463	343
LOUISVILLE,KY	MED GAS,NURSE CALL SYS PATIENT PRIVACY	2,356	2,199	20	0		137	137	137	137
LYONS,NJ	RENOVATE BLDG.4 INTERMEDIATE CARE	3,870				3,526	344	3,870	3,870	344
LYONS,NJ	RENOVATE B-7 AND 57	13,600			711	11,495	1,395	745	12,889	1,395
MURFREESBORO,TN	REMODEL WARDS 5A AND 5B	1,682	1,569				113	113	113	113
MURFREESBORO,TN	RENOVATE WARDS 6A AND 6B	1,524	1,461				63	63	63	63
PERRY POINT,MD	SEWER PLANT UPGRADING	1,300	1,096	191	13			13		
PERRY POINT,MD	NEW LAUNDRY BLDG.	5,427	2,095	3,118	24	24	167	215	191	167
PITTSBURGH(UD),PA	CENTRAL LAUNDRY	5,234	4,923	194	49	68		117	68	
SALEM,VA	MODERNIZE BLDG NO.76 INTERMEDIATE CARE	155	155							
SALEM,VA	RENOVATE BLDG NO 77	1,383	1,355				28	28	28	28
SAN ANTONIO,TX	SUPPLY WAREHOUSE AND SPD	4,387	311	3,664	88	117	208	472	324	208
ST.LOUIS(JB),MO	RELOCATE ADMIN TO BLDG.NO.18	1,249	1,240	-1	10			10		
ST.LOUIS(JB),MO	REMODEL BLDG.NO.53	9,900			470	7,323	2,107		9,430	2,107
ST.LOUIS(JB),MO	LAUNDRY REPLACEMENT	3,800		2,110		1,633	57	1,690	1,690	57
SYRACUSE,NY	F+S PATIENT PRIVACY AND SUPPORT SYS AND HVAC	31,274	1,555	26,903	632	632	1,552	2,816	2,184	1,552
TAMPA,FL	LAND ACQUISITION	2,150		2,141		9		9	9	
TOGUS,ME	RENOVATE BLDG.NO.207 1ST AND 3RD FLOOR	2,847	2,590	18	239			239		
TOMAH,WI	MODERNIZE BLDG. 406/408	6,645	6,117	178	159	191		350	191	
TOMAH,WI	MODERNIZE BLDG. 403/404	6,100			319	5,209	572	335	5,781	572

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSIDERATION
OTHER IMPR (I)-GENERAL PROJECTS									
TUSKEGEE,AL	REPLACE BLDG.NO.62	10,856	10,856				10,856		
WACO,TX	NEW DIETETIC BLDG.	7,500	7,500				7,500		
WACO,TX	RENOVATE BLDGS. 10 AND 90	9,700						9,700	
SUBTOTAL (53)		358099	274197	81225	-6963	-60	348399	9700	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (I)-GENERAL PROJECTS										
TUSKEGEE,AL	REPLACE BLDG.NO.62	10,856	10,217	155	229	255		484	255	
WACO,TX	NEW DIETETIC BLDG.	7,500	300	10	6,408	360	422	7,190	782	422
WACO,TX	RENOVATE BLDGS. 10 AND 90	9,700				8,468	1,232			1,232
SUBTOTAL (53)		358099	115540	77538	42805	96004	26215	74159	112518	26216

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
HEATING, VENTILATING AND AIR COND									
AMARILLO,TX	A/C PATIENT PRIVACY NURSE CALL SYSTEM	4,419	4,419				4,419		
COATESVILLE,PA	AIR CONDITION AND WARD ADDITION	19,839	16,043		3,796		19,839		
KNOXVILLE,IA	A/C AND WARD RENOVATION	11,176	11,176				11,176		
PERRY POINT,MD	AIR CONDITIONING	9,288	9,618		-330		9,288		
POPLAR BLUFF,MO	AIR CONDITIONING	4,450	4,450				4,450		
SALEM,VA	AIR CONDITIONING	5,758	5,857		-99		5,758		
SUBTOTAL (6)		54930	51563		3367		54930		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
HEATING, VENTILATING AND AIR COND										
AMARILLO,TX	A/C PATIENT PRIVACY NURSE CALL SYSTEM	4,419	4,419		0					
COATESVILLE,PA	AIR CONDITION AND WARD ADDITION	19,839	15,855	884	104	2,764	232	3,100	2,996	232
KNOXVILLE,IA	A/C AND WARD RENOVATION	11,176	10,645	75	0		456	456	456	456
PERRY POINT,MD	AIR CONDITIONING	9,288	9,231	57						
POPLAR BLUFF,MO	AIR CONDITIONING	4,450	4,336				114	114	114	114
SALEM,VA	AIR CONDITIONING	5,758	5,758		0					
SUBTOTAL (6)		54930	50244	1016	104	2764	802	3670	3566	802

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-SEISMIC IMPROVEMENTS									
CHARLESTON,SC	SEISMIC CORRECTIONS	10,254	10,254				10,254		
FRESNO,CA	SEISMIC CORRECTIONS	4,715	4,979		-264		4,715		
MARION,IL	CORRECT SEISMIC	5,665	5,665				5,665		
PALO ALTO(PAD),CA	SEISMIC CORRECTIONS (CENTER CORE BLDG.)	19,482	19,482				19,482		
POPLAR BLUFF,MO	SEISMIC CORRECTIONS	8,264	8,264				8,264		
SAN DIEGO,CA	NONSTRUCTURAL SEISMIC CORRECTIONS	6,300		5,955	345		6,300		
ST.LOUIS(JB),MO	SEISMIC CORRECTIONS	15,500		14,650	850		15,500		
VARIOUS STATIONS	FY74 PROGRAM BALANCE	180	180				180		
SUBTOTAL (8)		70360	48824	20605	931		70360		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-SEISMIC IMPROVEMENTS										
CHARLESTON,SC	SEISMIC CORRECTIONS	10,254	9,858	-0	39		357	396	357	357
FRESNO,CA	SEISMIC CORRECTIONS	4,715	4,696	19	0					
MARION,IL	CORRECT SEISMIC	5,665		277	4,656	363	369	5,388	732	369
PALO ALTO(PAD),CA	SEISMIC CORRECTIONS (CENTER CORE BLDG.)	19,482	18,369	230	271	78	534	884	612	534
POPLAR BLUFF,MO	SEISMIC CORRECTIONS	8,264	7,549	-49	42	123	600	765	723	600
SAN DIEGO,CA	NONSTRUCTURAL SEISMIC CORRECTIONS	6,300		240		5,548	512	105	6,060	512
ST.LOUIS(JB),MO	SEISMIC CORRECTIONS	15,500			810	13,101	1,590	850	14,690	1,590
VARIOUS STATIONS	FY74 PROGRAM BALANCE	180					180	180	180	180
SUBTOTAL (8)		70360	40471	716	5819	19213	4142	8568	23354	4142

CHANGES FROM ORIGINAL 1986 APPROPRIATION
(dollars in thousands)

The chart below reflects the major FY 1986 breakdown by project within category based on P.L. 99-160 versus the breakdown based on P.L. 99-177.

Location	Description	Original Estimated Cost	1986 Approp.	Current Estimated Cost	Adj. for P.L. 99-177
A. Medical Program:					
Replacement and Modernization:					
Allen Park, MI	Replacement and Modernization	$195,600	$ 26,760	$194,763	$- 837
Houston, TX	Replacement and Modernization	252,000	226,800	244,905	-7,095
Mountain Home, TN	Bed Towers and Renovation	70,300	59,000	68,454	-1,846
Philadelphia, PA	Clinical Addition, Renovation, Parking and 240-bed Nursing Home Care Unit	119,300	101,600	116,122	-3,178
Nursing Home Care:					
Amarillo, TX	120-bed Nursing Home Care Unit ...	6,500	6,500	6,296	- 204
Tucson, AZ	120-bed Nursing Home Care Unit ...	6,800	6,800	6,588	- 212
Domiciliaries:					
Temple, TX	408-bed Replacement Domiciliary ..	17,300	17,300	16,759	- 541
Wood, WI	Renovate Building 43 for Domiciliary	6,400	6,400	6,200	- 200
Other Improvements:					
Advance Planning Fund:					
Various Stations		4,000	4,000	3,875	- 125
Asbestos Abatement:					
Various Stations		35,000	35,000	33,905	-1,095
Clinical Improvements:					
Big Spring, TX	Renovate Surgery	3,700	3,700	3,584	- 116
Togus, ME	Clinical Improvements Building 200	30,700	30,700	29,740	- 960
Design Fund:					
Various Stations		15,000	15,000	14,531	- 469
Electrical Improvements:					
Hampton, VA	Electrical Systems Modernization .	2,100	2,100	2,034	- 66
Long Beach, CA	Upgrade Secondary Electrical Distribution	5,300	5,300	5,134	- 166
Poplar Bluff, MO	Electrical Distribution System Improvements	2,000	2,000	1,937	- 63
Fire and Safety Improvements:					
Chicago(West Side), IL	Fire and Safety and Patient Privacy Improvements	6,600	6,600	6,393	- 207
Cleveland(Brecksville), OH	Fire and Safety Improvements	2,700	2,700	2,616	- 84
Cleveland(Wade Park), OH	Fire and Safety Improvements	5,200	5,200	5,037	- 163
Indianapolis, IN	Fire and Safety Improvements	5,000	5,000	4,844	- 156
Jackson, MS	Install Sprinkler System	3,000	3,000	2,906	- 94
Knoxville, IA	Fire and Safety Improvements	3,700	3,700	3,584	- 116
Topeka, KS	Fire and Safety, Patient Privacy and Electrical Improvements	18,150	10,000	17,837	- 313

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (L)-WORKING RESERVE									
VARIOUS STATIONS	MAJOR WORKING RESERVE BALANCE	28,209	196,770	-180000	51,189	17,250	85,209	-57,000	
SUBTOTAL (1)		28209	196770	-180000	51189	17250	85209	-57000	
SUBTOTAL, OTHER IMPROVEMENTS (325)		1637055	1464858	51725	15920	17644	1550147	86908	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (L)-WORKING RESERVE										
VARIOUS STATIONS	MAJOR WORKING RESERVE BALANCE	28,209				22,059	6,150	247,959	85,209	6,150
SUBTOTAL (1)		28209				22059	6150	247959	85209	6150
SUBTOTAL, OTHER IMPROVEMENTS (325)		1637055	581880	162585	363980	363915	164705	736318	441703	164710

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
NATIONAL CEMETERIES									
VARIOUS STATIONS	FY87-DESIGN-REQUEST	600						600	
CALVERTON, NY	ADMIN SERVICE BLDGS. COMMITTAL SVC COMPLEX	2,746	2,746				2,746		
CALVERTON, NY	MASTER PLANS DEV 50 ACRES	3,479	3,479				3,479		
CALVERTON, NY	DEVELOP 25 ACRES SVC BLDG	2,239	2,239				2,239		
CALVERTON, NY	DEVELOP 78000 GRAVESITES ADDITIONAL FACILITIES	3,241	3,241				3,241		
FORT LOGAN,CO	ADM BLDG/ENTRANCE DR	1,230	1,230				1,230		
FORT LOGAN,CO	DEVELOP 35 ACRES	2,263	2,263				2,263		
FORT MITCHELL NAT CEM, AL	DEVELOP 50 ACRES/ADMIN AND SERVICE BLDG.	4,038	4,038				4,038		
FORT SNELLING,MN	ADMIN AND SERVICE BLDG.	3,650	3,650				3,650		
FORT SNELLING,MN	DEVELOP 14800 GRAVESITES AND ADDN FACILITIES	1,772	1,772				1,772		
FT. CUSTER,MI	DEVELOP GRAVESITES ADMIN AND SVC BLDG.	2,960	2,960				2,960		
FT.SAM HOUSTON,TX	DEVELOP 10500 GRAVESITES	911	911				911		
HONOLULU,HI	ADMIN BLDG/VISITOR CTR PKG. STRUCTURE	2,967	2,967				2,967		
HONOLULU,HI	COLUMBARIUM ON RIM OF CRATER	1,964	1,964				1,964		
INDIAN TOWN GAP,PA	MASTER PLANS PH I DEV DESIGN 20 ACRES ADM	3,309	3,309				3,309		
QUANTICO,VA	31400 GRAVESITES CONSTR ADMIN & SVC BLDG.	5,767	5,767				5,767		
RIVERSIDE,CA	MASTER PLANS PH I DEV	5,250	5,261		-11		5,250		
RIVERSIDE,CA	DESIGN AND DEVELOP 40000 GRAVESITES	5,950	5,950				5,950		
STATE OF FLORIDA	DEVELOP 13,000 GRAVESITES ADMIN AND SERVICE BLDG.	6,500		6,145	355		6,500		
VARIOUS STATIONS	FY82 ADVANCE PLANNING FUND-NC	500	500				500		
VARIOUS STATIONS	FY83 ADVANCE PLANNING FUND-NC	500	500				500		
VARIOUS STATIONS	FY84 ADVANCE PLANNING FUND-NC	500	500				500		
SUBTOTAL (22)		62336	55247	6145	344		61736	600	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
NATIONAL CEMETERIES										
VARIOUS STATIONS	FY87-DESIGN-REQUEST	600				496	104			104
CALVERTON, NY	ADMIN SERVICE BLDGS. COMMITTAL SVC COMPLEX	2,746	2,627	5			114	114	114	114
CALVERTON, NY	MASTER PLANS DEV 50 ACRES	3,479	3,455	2	20	2	0	22	2	
CALVERTON, NY	DEVELOP 25 ACRES SVC BLDG	2,239	2,146	-8	8	0	93	101	93	93
CALVERTON, NY	DEVELOP 78000 GRAVESITES ADDITIONAL FACILITIES	3,241	2,962	51	200	28		228	28	
FORT LOGAN,CO	ADM BLDG/ENTRANCE DR	1,230	68	12	1,028	75	46	1,150	122	46
FORT LOGAN,CO	DEVELOP 35 ACRES	2,263	2,263		0					
FORT MITCHELL NAT CEM, AL	DEVELOP 50 ACRES/ADMIN AND SERVICE BLDG.	4,038	299	204	3,049	248	239	3,535	486	239
FORT SNELLING,MN	ADMIN AND SERVICE BLDG.	3,650	128	2	2,966	341	214	3,521	555	214
FORT SNELLING,MN	DEVELOP 14800 GRAVESITES AND ADDN FACILITIES	1,772	1,685	78	10			10		
FT. CUSTER,MI	DEVELOP GRAVESITES ADMIN AND SVC BLDG.	2,960	2,934	23	3			3		
FT.SAM HOUSTON,TX	DEVELOP 10500 GRAVESITES	911	873	-25	64			64		
HONOLULU,HI	ADMIN BLDG/VISITOR CTR PKG. STRUCTURE	2,967		194	2,141	224	408	2,773	632	408
HONOLULU,HI	COLUMBARIUM ON RIM OF CRATER	1,964	1,896	3	65			65		
INDIAN TOWN GAP,PA	MASTER PLANS PH I DEV DESIGN 20 ACRES ADM	3,309	3,289	16	4			4		
QUANTICO,VA	31400 GRAVESITES CONSTR ADMIN & SVC BLDG.	5,767	5,563	105	96	3	0	100	4	
RIVERSIDE,CA	MASTER PLANS PH I DEV	5,250	5,254	-4	0					
RIVERSIDE,CA	DESIGN AND DEVELOP 40000 GRAVESITES	5,950		402		4,998	550	5,548	5,548	550
STATE OF FLORIDA	DEVELOP 13,000 GRAVESITES ADMIN AND SERVICE BLDG.	6,500			5,720	536	244	355	780	244
VARIOUS STATIONS	FY82 ADVANCE PLANNING FUND-NC	500	469		28	0	3	31	3	3
VARIOUS STATIONS	FY83 ADVANCE PLANNING FUND-NC	500	238	182	71	1	8	80	9	8
VARIOUS STATIONS	FY84 ADVANCE PLANNING FUND-NC	500			36	395	69	500	464	69
SUBTOTAL (22)		62336	36147	1241	15507	7349	2093	18204	8840	2092

FY1987 CONGRESSIONAL BUDGET REQUEST
CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS
($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
REGIONAL OFFICE PROGRAMS									
SIOUX FALLS,SD	VAM AND ROC	1,552	1,606		-54		1,552		
TOGUS,ME	DVB BLDG.	3,090	[illegible]		-101		3,090		
SUBTOTAL (2)		4642	4797		-155		4642		
DESIGN FUND OFFSET		- 8000						- 8000	
GRAND TOTAL		5323380	4014570	507360 1/	1	1	4521932	301208	500240

1/ FY 1986 APPROPRIATION DOES NOT REFLECT THE EFFECTS OF P.L. 99-177.

FIGURES MAY VARY DUE TO ROUNDING

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MAJOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
REGIONAL OFFICE PROGRAMS										
SIOUX FALLS,SD	VAM AND ROC	1,552	1,553	-2	0					
TOGUS,ME	DVB BLDG.	3,090	3,065	24	1	0		1		
SUBTOTAL (2)		4642	4618	22	1	0		1		
GRAND TOTAL		5323380	2532435	309997[1]	649022	927560	912382	1172143	1030477	412145

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[1] FY 1986 APPROPRIATION DOES NOT REFLECT THE EFFECTS OF P.P. 99-177.

FIGURES MAY VARY DUE TO ROUNDING.

CHANGES FROM ORIGINAL 1986 APPROPRIATION (Continued)
(dollars in thousands)

Location	Description	Original Estimated Cost	1986 Approp.	Current Estimated Cost	Adj. for P.L. 99-177
General Projects:					
Brooklyn(St. Albans Division), NY	Modernize Kitchen and Satellite Dining Areas	$ 4,800	$ 4,800	$ 4,650	$- 150
Chicago(West Side), IL	Renovation of Buildings 11A and 11B, Phase II	18,000	18,000	17,437	- 563
Coatesville, PA	New Kitchen and Dining Hall	6,300	6,300	6,103	- 197
Durham, NC	Boiler Plant	2,200	2,200	2,131	- 69
Hines, IL	180-bed Psychiatric Replacement Facility	23,000	23,000	22,281	- 719
Lyons, NJ	Renovate Buildings 7 and 57	13,600	13,600	13,174	- 426
St. Louis(Jefferson Barracks Division), MO	Remodel Building 53	9,900	9,900	9,590	- 310
Tomah, WI	Modernize Buildings 403 and 404 ..	6,100	6,100	5,910	- 190
Seismic:					
St. Louis(Jefferson Barracks Division), MO	Seismic Corrections	15,500	15,500	15,015	- 485
San Diego, CA	Non-structural Seismic Corrections	6,300	6,300	6,103	- 197
B. National Cemetery Program:					
Florida	Develop 13,000 Gravesites and Construct Administration Building	6,500	6,500	6,296	- 204
	Subtotal	$928,550	$697,360	$906,734	$-21,816
	Less: Design Fund		- 10,000		
	Reprogramming	...	-180,000	...	...
	TOTAL	$928,550	$507,360	$906,734	$-21,816

CONSTRUCTION, MINOR PROJECTS

APPROPRIATION LANGUAGE

For constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the Veterans Administration, including planning, architectural and engineering services, and site acquisition, or for any of the purposes set forth in sections 1004, 1006, 5002, 5003, 5006, 5008, 5009, and 5010 of title 38, United States Code, where the estimated cost of a project is less than $2,000,000, [$136,950,092] $106,962,000, to remain available until expended, along with unobligated balances of previous Construction, minor projects appropriations which are hereby made available for any project where the estimated cost is less than $2,000,000: Provided, That not more than [35,913,557] $38,885,000 shall be available for expenses of the Office of [Construction;] Facilities, including research and development in building construction technology: Provided further, That funds in this account shall be available for (1) repairs to any of the nonmedical facilities under the jurisdiction or for the use of the Veterans Administration which are necessary because of loss or damage caused by any natural disaster or catastrophe and (2) temporary measures necessary to prevent or to minimize further loss by such causes. (Department of Housing and Urban Development-Independent Agencies Appropriations Act, 1985.)

EXPLANATION OF LANGUAGE CHANGE

Language is amended to reflect a proposed administrative reorganization involving a transfer of the Office of Construction to the Department of Medicine and Surgery to create the Office of Facilities. Title 38 U.S.C. 210(b)(2) requires that a report containing a detailed plan and justification for such a reorganization be transmitted to Congress no later than the date on which the President submits to Congress the Budget for the fiscal year in which the reorganization takes place. That report has been transmitted concurrently.

Language is also amended to specifically indicate that funding for research and development projects is included in the expenses of the Office of Facilities.

DESCRIPTION

The Construction, minor projects appropriation provides for constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Veterans Administration. This includes planning, architectural and engineering services, and site acquisition where the estimated cost of a project is between $500,000 and $2,000,000, as well as the category entitled Minor Miscellaneous which provides funding for projects costing between $100,000 and $500,000. A new category provides for construction projects in the Agency's staff offices, to include the offices of Data Management and Telecommunications and other GOE administrative offices. Correction of code deficiencies receives continuing emphasis in this request. An appropriation of $106,962,000 is requested to be financed with new budget authority. The request includes funding for personnel and other expenses of the Office of Facilities.

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate 1/	Current Estimate 2/	1987 Estimate	Increase (+) Decrease (-)
Program level request	$200,194 3/	$195,406	$131,061	$106,962	$-24,099
Less: Reprogrammings from prior appropriations	-371	...	...	...	...
Budget authority	199,823	195,406	131,061	106,962	-24,099
Obligations	124,404	220,867	150,223	190,271	+40,048
Outlays	123,512	156,700	130,277	150,340	+20,063
Average employment:					
General administration	714	710	684	733	+49
Purchase and hire 4/	54	70	50	50	...
Total	768	780	734	783	+49

1/ President's budget request, as amended.

2/ This estimate reflects the effects of P.L. 99-177. Please refer to "Changes from Original 1986 President's Budget Request" on page 14-3 for greater detail.

3/ Includes rescission of $377.

4/ Purchase and hire employees are non-ceiling personnel.

CONSTRUCTION, MINOR PROJECTS

SUMMARY OF BUDGET REQUEST

A construction program level of $106,962,000 is requested for the construction items listed below. The program will be funded by new budget authority.

		Total Cost and 1987 Request (dollars in thousands)
Construction Program:		
A. Medical Program		$57,877
Nursing home care	4,000	
Research and education	2,500	
Outpatient improvements	1,500	
Other improvements	49,877	
Clinical improvements	(9,360)	
Electrical improvements	(1,500)	
Fire and safety improvements	(2,000)	
General projects	(13,000)	
Heating, ventilating, and air conditioning	(2,000)	
Miscellaneous projects	(22,017)	
B. Regional Office Program		1,900
C. National Cemetery Program		3,000
D. Staff Offices		5,000
E. Emergency Fund		300
F. General Administration		38,885
Total, budget authority		$106,962

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	P.L. 99-160 with adj. 2/	P.L. 99-177 adj. 3/	Current Estimate	Current Estimate vs. Budget
Budget authority	$194,406	$136,950	$-5,889	$131,061	$-64,345
Obligations	220,867	152,598	-2,375	150,223	-70,644
Outlays	156,700	131,955	-1,678	130,277	-26,423
Average employment (FTEE):					
General administration	710	697	-13	684	-26
Purchase and hire	70	50	...	50	-20
Total	780	747	-13	734	-46

1/ President's budget request, as amended.

2/ Adjusted for Congressional action and current year re-estimates.

3/ Balanced Budget and Emergency Deficit Control Act of 1985.

NARRATIVE EXPLANATION

Deviations from the budget estimate are the result of revised schedules and actual contract awards from the budget request time period based on Congressional action.

Reductions from P.L. 99-160 in our "Current Estimate" column reflect the result of the Balanced Budget and Emergency Control Act of 1985 (P.L. 99-177).

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Construction, Minor Projects
Department of Medicine and Surgery
Nursing Home Care

I. Budget Authority

FY 1987 Request ... $4,000,000

II. Description of Program

This program will support the VA need for nursing home care (NHC) beds by means of: a) conversion of existing excess hospital beds to NHC beds, b) renovation of existing NHC wards to meet VA criteria standards for NHC space and functional arrangements, and c) relocation of existing NHC beds to renovated space that is more suitable to the needs of the NHC program.

III. Justification for Program

This program will provide for the correction of existing space and functional deficiencies in ward areas utilized to provide nursing home care. It will also make use of space currently dedicated to hospital bed services where it has been determined that these hospital beds are in excess of projected future need and where demographic analyses indicate an increased demand for NHC beds at a specific VAMC site. The conversion, renovation, or relocation of NHC beds will contribute to the overall VA goal with regard to the projected increased need for extended care services by the aging veteran.

IV. Correction of Code Deficiencies

These projects are designed and constructed to meet all current code mandates such as those proposed by the National Fire Protection Association Life Safety Code, National Electric and National Building Codes and/or Joint Commission on Accreditation of Hospitals.

Construction, Minor Projects
Department of Medicine and Surgery
Research and Education

I. Budget Authority

FY 1987 Request ... $2,500,000

II. Description of Program

It is proposed to make necessary modifications to existing medical facilities or to provide new construction where necessary to correct existing deficiencies.

III. Justification for Program

Research and Education activities serve an important role in fostering strong medical school affiliations, augmenting the therapeutic skills of medical care personnel and advancing medical science. Projects included in this category will correct deficiencies in isolation areas, infectious disease research, recovery areas for post surgical care and as cited by the American Association for Accreditation of Laboratory Animal Care (AAALAC). Physical space will be provided to accommodate rapidly expanding education and training activities.

IV. Correction of Code Deficiencies

These projects are designed and constructed to meet all current code mandates such as those proposed by the National Fire Protection Association Life Safety Code, National Electric and National Building Codes, American Association for Accreditation of Laboratory Animal Care and/or Joint Commission on Accreditation of Hospitals.

Construction, Minor Projects
Department of Medicine and Surgery
Outpatient Improvements

I. Budget Authority

FY 1987 Request ... $1,500,000

II. Description of Program

It is planned to improve outpatient clinics and outpatient-related support functions, such as radiology or clinical laboratory suites by alterations to existing space or new construction. Projects funded from this category will provide improved facilities to continue to care properly for veteran outpatients. Fixed equipment will be updated, communication facilities improved, and equipment provided for the use of automated procedures.

III. Justification for Program

Ambulatory care continues to be a cost effective alternative to inpatient treatment. Gross functional and spatial deficiencies exist which severely retard patient flow, and the provision of efficient health care delivery. Many ambulatory care functions are highly fragmented and poorly integrated. Projects included in this category will provide a comprehensive solution to these problems through improved architectural design and functional layout.

IV. Correction of Code Deficiencies

These projects are designed and constructed to meet all current code mandates such as those proposed by the National Fire Protection Association Life Safety Code, National Electric and National Building Codes and/or Joint Commission on Accreditation of Hospitals.

Construction, Minor Projects
Department of Medicine and Surgery
Clinical Improvements

I. Budget Authority

FY 1987 Request ... $9,360,000

II. Description of Program

This program will correct clinical deficiencies at various medical centers with clinical support areas that are undersized and functionally obsolete. Extensive improvements are necessary to realign critical services, correct inefficient and ineffective space configurations and accommodate modern medical equipment.

III. Justification for Program

In a large number of VA medical centers, minimal space for clinical support facilities such as radiology, laboratory, etc., was provided at the time of original construction or subsequent alteration. New developments in medicine, including rapidly advancing technology and modern health care modalities, require improved facilities to support the inpatient and outpatient workload.

IV. Correction of Code Deficiencies

These projects are designed and constructed to meet all current code mandates such as those proposed by the National Fire Protection Association Life Safety Code, National Electric and National Building Codes and/or Joint Commission on Accreditation of Hospitals.

Construction, Minor Projects
Department of Medicine and Surgery
Electrical Improvements

I. Budget Authority

FY 1987 Request ... $1,500,000

II. Description of Program

This program is one portion of VA's multi-year effort to upgrade emergency, primary, and secondary power systems, consistent with applicable codes, standards and sound engineering practices tailored to the needs of individual medical centers.

III. Justification for Program

Many of the medical centers fail to meet the minimum standards and code requirements for electrical distribution systems. Various essential components including alarm systems, elevators, corridors, bed areas, and stairwells in patient-occupied buildings are deficient in emergency electrical power. Most electrical systems require upgrading to meet code requirements and to provide reliable electrical systems.

IV. Correction of Code Deficiencies

These projects are designed and constructed to meet all current code mandates such as those proposed by the National Fire Protection Association Life Safety Code, National Electric and National Building Codes and/or Joint Commission on Accreditation of Hospitals. Construction will also be designed to comply with VA emergency standards.

Construction, Minor Projects
Department of Medicine and Surgery
Fire and Safety Improvements

I. Budget Authority

FY 1987 Request ... $2,000,000

II. Description of Program

Identified fire and safety deficiencies will be corrected by installing additional exits, smoke barrier doors, exhaust systems, automatic sprinkler systems, fire alarm systems, and fire stations; by eliminating handicapped barriers; by replacing wooden roofs; by enclosing stairwells; and by improving water distribution.

III. Justification for Program

This program is necessary to update existing structures to comply with applicable fire and safety protection codes and minimum Occupational Safety and Health Administration Standards.

IV. Correction of Code Deficiencies

These projects are designed and constructed to meet all current code mandates including those proposed by the National Fire Protection Association Life Safety Code, National Electric and National Building Codes and/or Joint Commission on Accreditation of Hospitals. Construction will also be designed to meet handicapped access standards and the National Bureau of Standards Equivalency Guidelines for fire safety.

Construction, Minor Projects
Department of Medicine and Surgery
General Projects

I. Budget Authority

FY 1987 Request ... $13,000,000

II. Description of Program

This program includes high priority projects which will make necessary additions or modifications to existing structures to improve operations, eliminate deficiencies, and support new or improved patient care and therapy activities. Included in this category will be ward renovations, warehouse construction, and other projects generally intended to provide required improvements in direct and indirect patient care.

III. Justification for Program

Projects funded in this category are necessary to eliminate deficiencies which sharply impair a health care facility's capability for supporting modern medical care and treatment. These minor modernization and renovation projects are needed to support the medical centers' efficient and effective operations.

IV. Correction of Code Deficiencies

These projects are designed and constructed to meet all current code mandates such as those proposed by the National Fire Protection Association Life Safety Code, National Electric and National Building Codes and/or Joint Commission on Accreditation of Hospitals.

Construction, Minor Projects
Department of Medicine and Surgery
Heating, Ventilating, and Air Conditioning

I. Budget Authority

FY 1987 Request ... $2,000,000

II. Description of Program

Projects included in this category will provide energy utilization improvement and upgrade existing heating, ventilating and air conditioning systems to comply with established VA standards.

III. Justification for Program

This program will provide required systems to facilitate infection control through positive/negative pressure control and filtration, odor control, cooling to avoid heat stress in patients who are in a weakened condition during treatment, humidity control to aid in healing, comfort control through heating and air changes, and smoke control during fire emergency situations.

IV. Correction of Code Deficiencies

These projects are designed and constructed to meet all current code mandates such as those proposed by the National Fire Protection Association Life Safety Code, National Electric and National Building Codes and/or Joint Commission on Accreditation of Hospitals.

Construction, Minor Projects
Department of Medicine and Surgery
Miscellaneous Projects

I. Budget Authority

FY 1987 Request ... $22,017,000

II. Description of Program

It is proposed to make necessary additions or modifications to existing structures to improve operations and to eliminate deficiencies. Projects in this category are estimated to cost no more than $500,000. Included in this category will be projects such as the conversion or renovation of patient wards, clinical areas and patient support facilities. Also included will be the installation of specialized medical equipment and provision of transportation systems. Other projects will correct fire and safety, Joint Commission on Accreditation of Hospitals and other cited deficiencies. Also included are projects to provide energy efficiency improvements.

III. Justification for Program

There is a need to continually modify medical facilities to protect capital investments, meet the demands of an ever-changing environment, correct unsafe conditions or cited deficiencies, and provide an acceptable standard of therapy and care commensurate with the funding limitations for this category of projects. Medical construction projects with minor improvements costing less than $100,000 are funded from annual operating funds justified as part of the Medical Care appropriation.

Minor miscellaneous projects represent a very high priority category of funds since they provide a flexible and timely response for the accomplishment of many critical projects necessary to keep pace with advances in medical care and technology and to offset facility deterioration.

IV. Correction of Code Deficiencies

These projects are designed and constructed to meet all current code mandates such as those proposed by the National Fire Protection Association Life Safety Code, National Electric and National Building Codes and/or Joint Commission on Accreditation of Hospitals.

Construction, Minor Projects
Department of Veterans Benefits
Regional Office Program

I. Budget Authority

FY 1987 Request ... $1,900,000

II. Description of Program

It is proposed to make necessary additions and modifications to existing facilities to provide an acceptable and operationally effective work environment for the Department of Veterans Benefits.

III. Justification for Program

Projects funded from this category are necessary to adapt existing facilities (GSA leased or VA owned) to the current operational needs of the Department of Veterans Benefits and to conform with Executive Order 12411. Executive Order 12411, "Government Work Space Management Reform," requires the Department of Veterans Benefits to achieve an overall office space utilization rate of 135 square feet per person.

IV. Correction of Code Deficiencies

These projects are designed and constructed to meet all current code mandates such as those proposed by the National Fire Protection Association Life Safety Code and National Electric and National Building Codes.

Construction, Minor Projects
Department of Memorial Affairs
National Cemetery Program

I. Budget Authority

FY 1987 Request ... $3,000,000

II. Description of Program

This program provides for the purchase and development of land for gravesites; the construction of roadways and utility lines; administrative, service and restroom buildings; committal shelters; columbaria; entrance gates; irrigation systems, and water wells.

III. Justification for Program

These projects are necessary to comply with the mandates set forth in section 1004 of title 38, United States Code, which states: "... In conjunction with the development and administration of cemeteries for which he is responsible, the Administrator shall provide all necessary facilities ...".

IV. Correction of Code Deficiencies

These projects are designed and constructed to meet all current code mandates such as those proposed by the National Fire Protection Association Life Safety Code, National Electric and National Building Codes and/or Joint Commission on Accreditation of Hospitals.

Construction, Minor Projects
Staff Offices

I. Budget Authority

FY 1987 Request ... $5,000,000

II. Description of Program

It is proposed to make necessary additions and modifications to existing facilities to improve operations and provide an acceptable and operationally effective work environment for the staff offices including the offices of Date Management and Telecommunications, General Counsel, Inspector General, Administration, Budget and Finance and the Office of Facilities.

III. Justification for Program

Projects funded in this category provide necessary additions and alterations to administrative space and space within existing data processing centers. Correction of deficiencies in the data center's electrical and ancillary facilities, environmental control, and security systems will also be provided by this program.

IV. Correction of Code Deficiencies

These projects are designed and constructed to meet all current code mandates such as those proposed by the National Fire Protection Association Life Safety Code and National Electric and National Building Codes.

Construction, Minor Projects
Emergency Fund

I. Budget Authority

FY 1987 Request ... $300,000

II. Description of Program

These funds would be used for any facility under the jurisdiction or for the use of the Veterans Administration that would require emergency repairs because of acts of God, such as floods, fires, wind, other extreme weather conditions, etc.

III. Justification for Program

Acts of God are unforeseen and repairs must be made to the damaged facility. In cases where no other means of funding exist, the required emergency repairs would be funded from this category.

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FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID- ERATION
NURSING HOME CARE									
VARIOUS STATIONS	FY87 REQUEST	4,000						4,000	
FORT LYON,CO	NHC UNIT RENOVATION BLDG.NO.7 LEVEL A	876	876				876		
VARIOUS STATIONS	FY86 PROGRAM BALANCE	10,000		10,000			10,000		
SUBTOTAL (3)		14876	876	10000			10876	4000	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
NURSING HOME CARE										
VARIOUS STATIONS	FY87 REQUEST	4,000				369	3,631			3,631
FORT LYON,CO	NHC UNIT RENOVATION BLDG.NO.7 LEVEL A	876	876							
VARIOUS STATIONS	FY86 PROGRAM BALANCE	10,000			73	2,310	7,617		9,927	7,617
SUBTOTAL (3)		14876	876		73	2680	11248		9927	11248

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
RESEARCH AND EDUCATION									
VARIOUS STATIONS	FY87 REQUEST	2,500						2,500	
BOISE,ID	ANIMAL RESEARCH FACILITY	62			62		62		
CINCINNATI(CD),OH	RENOVATE VACATED SURG SPACE FOR RESEARCH	1,548	1,548				1,548		
COLUMBIA,SC	ADDN TO B-9 RESEARCH	30			30		30		
DALLAS,TX	RENOVATE B-3 RESEARCH	2,000	1,500			500	2,000		
DANVILLE,IL	LEARNING RESOURCES	36			36		36		
HINES(VAH),IL	EXPAND ANIMAL RESEARCH	40				40	40		
IOWA CITY,IA	EXPAND ANIMAL RESEARCH FACILITY	530	530				530		
KANSAS CITY,MO	ANIMAL RESEARCH ADDN	917	917				917		
LITTLE ROCK (NLRD),AR	ENGINEERING TRAINING CENTER	1,810	1,953			-143	1,810		
LOUISVILLE,KY	EDUCATION BLDG.	951	951				951		
MADISON,WI	EXPAND ANIMAL HOUSE	713	691		22		713		
PALO ALTO(PAD),CA	ANIMAL RESEARCH OPERATORY	36			36		36		
PALO ALTO(PAD),CA	REHAB ENG AND REHAB CENTER	30			30		30		
PITTSBURGH(HD),PA	EDUCATION AND TRAINING CENTER FLOOR 2	1,120	1,120				1,120		
PITTSBURGH(UD),PA	RENOVATE B6 ANIMAL RESEARCH	860			860		860		
SAN FRANCISCO,CA	ANIMAL RESEARCH FACILITY	2,020	2,020				2,020		
SHREVEPORT,LA	ALTERATIONS TO R+E	559	561		-2		559		
SHREVEPORT,LA	EDUCATION ADDITION	946	900		46		946		
SHREVEPORT,LA	ANIMAL RESEARCH AND SHELTER MODULAR BLDG.	663			663		663		
ST.LOUIS(JCD),MO	CONST BLDG RES LAB-JC	500			500		500		
ST.LOUIS(VAH),MO	EDUCATION ADDITION	960	930		30		960		
WEST LOS ANGELES(BH),CA	PROVIDE RESEARCH LAB	556	576		-20		556		
WEST LOS ANGELES(WAD),CA	RENOV. FOR ULCER RESEARCH AND EDUCATION/ALCOH LAB	1,044	1,044				1,044		
VARIOUS STATIONS	FY83 PROGRAM BALANCE		749		-749				
VARIOUS STATIONS	FY84 PROGRAM BALANCE		599		-599				
VARIOUS STATIONS	FY85 PROGRAM BALANCE	1,037	2,380		-946	-397	1,037		
VARIOUS STATIONS	FY86 PROGRAM BALANCE	4,000		4,000			4,000		
SUBTOTAL (28)		25468	18969	4000	-1		22968	2500	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
RESEARCH AND EDUCATION										
VARIOUS STATIONS	FY87 REQUEST	2,500				231	2,269			2,269
BOISE,ID	ANIMAL RESEARCH FACILITY	62		62						
CINCINNATI(CD),OH	RENOVATE VACATED SURG SPACE FOR RESEARCH	1,548	1,491	53	3	2		5	2	
COLUMBIA,SC	ADDN TO B-9 RESEARCH	30		30						
DALLAS,TX	RENOVATE B-3 RESEARCH	2,000		116	1,843	26	15	1,384	41	15
DANVILLE,IL	LEARNING RESOURCES	36		26	1	9		10	9	
HINES(VAH),IL	EXPAND ANIMAL RESEARCH	40			3	35	2		37	2
IOWA CITY,IA	EXPAND ANIMAL RESEARCH FACILITY	530	28	480	15	6		22	6	
KANSAS CITY,MO	ANIMAL RESEARCH ADDN	917	879	26	12			12		
LITTLE ROCK (NLRD),AR	ENGINEERING TRAINING CENTER	1,810		144	1,593	25	47	1,809	73	47
LOUISVILLE,KY	EDUCATION BLDG.	951	946	-0	5			5		
MADISON,WI	EXPAND ANIMAL HOUSE	713	674	34	3	2	0	5	3	
PALO ALTO(PAD),CA	ANIMAL RESEARCH OPERATORY	36			1	32	3	36	35	3
PALO ALTO(PAD),CA	REHAB ENG AND REHAB CENTER	30		30						
PITTSBURGH(HD),PA	EDUCATION AND TRAINING CENTER FLOOR 2	1,120		22	41	1,004	54	1,098	1,058	54
PITTSBURGH(UD),PA	RENOVATE B6 ANIMAL RESEARCH	860	43	34	682	57	44	784	101	44
SAN FRANCISCO,CA	ANIMAL RESEARCH FACILITY	2,020	2,016	-0	4			4		
SHREVEPORT,LA	ALTERATIONS TO R+E	559	560	-1	0	0				
SHREVEPORT,LA	EDUCATION ADDITION	946	64	5	761	52	65	877	117	65
SHREVEPORT,LA	ANIMAL RESEARCH AND SHELTER MODULAR BLDG.	663	3	628	16	16		32	16	
ST.LOUIS(JCD),MO	CONST BLDG RES LAB-JC	500	32	1	427	25	15	467	40	15
ST.LOUIS(VAH),MO	EDUCATION ADDITION	960	921	20	18			18		
WEST LOS ANGELES(BW),CA	PROVIDE RESEARCH LAB	556	565	-9						
WEST LOS ANGELES(WAD),CA	RENOV. FOR ULCER RESEARCH AND EDUCATION/ALCOH LAB	1,044	974	40	30			30		
VARIOUS STATIONS	FY83 PROGRAM BALANCE									
VARIOUS STATIONS	FY84 PROGRAM BALANCE									
VARIOUS STATIONS	FY85 PROGRAM BALANCE	1,037			7	89	941	1,434	1,030	941
VARIOUS STATIONS	FY86 PROGRAM BALANCE	4,000			29	343	3,629		3,971	3,629
SUBTOTAL (28)		25468	9197	1740	5494	1955	7083	8032	6539	7084

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID- ERATION
OUTPATIENT IMPROVEMENTS									
VARIOUS STATIONS	FY87 REQUEST	1,500						1,500	
ALBANY,NY	RENOVATE IC CLINICS	830			830		830		
ALBANY,NY	RENOVATE 1D ADMITTING	43			43		43		
BIG SPRING,TX	O/P CLINIC	55			14	41	55		
BROOKLYN,NY	RENOVATE GROUND FLOOR B-1	1,000			1,000		1,000		
INDIANAPOLIS,IN	EXPAND O/P CLINIC	1,917	1,461		456		1,917		
NEW YORK,NY	EXPAND O/P CLINIC	841	862		-21		841		
SYRACUSE,NY	O/P CLINIC IMPROVEMENTS REOPENED	1,278	1,295		-17		1,278		
VARIOUS STATIONS	FY77 PROGRAM BALANCE	1,224	1,643		-419		1,224		
VARIOUS STATIONS	FY84 PROGRAM BALANCE	2,000	2,000				2,000		
VARIOUS STATIONS	FY85 PROGRAM BALANCE	472	2,400		-1,887	-41	472		
VARIOUS STATIONS	FY86 PROGRAM BALANCE	1,000		1,000			1,000		
SUBTOTAL (12)		12160	9661	1000	-1		10660	1500	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OUTPATIENT IMPROVEMENTS										
VARIOUS STATIONS	FY87 REQUEST	1,500				138	1,362			1,362
ALBANY,NY	RENOVATE IC CLINICS	830		20	30	744	36	810	780	36
ALBANY,NY	RENOVATE 1D ADMITTING	43		43	0	0				
BIG SPRING,TX	O/P CLINIC	55			3	49	2	14	52	2
BROOKLYN,NY	RENOVATE GROUND FLOOR B-1	1,000		8	42	889	61	992	950	61
INDIANAPOLIS,IN	EXPAND O/P CLINIC	1,917	1.426	115	301	75		376	75	
NEW YORK,NY	EXPAND O/F CLINIC	841	842	-1						
SYRACUSE,NY	O/P CLINIC IMPROVEMENTS REOPENED	1,278	1,290	-12						
VARIOUS STATIONS	FY77 PROGRAM BALANCE	1,224				113	1,111	1,224	1,224	1,111
VARIOUS STATIONS	FY84 PROGRAM BALANCE	2,000				185	1,815	2,000	2,000	1,815
VARIOUS STATIONS	FY85 PROGRAM BALANCE	472			44	397	32	513	428	32
VARIOUS STATIONS	FY86 PROGRAM BALANCE	1,000			92	840	67		908	68
SUBTOTAL (12)		12160	3559	173	512	3430	4487	5929	6417	4487

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (A)-ADMIN DISCRETIONARY FUND									
HARTFORD,CT	SPACE PROBLEM RENOV.	120	120				120		
MILWAUKEE,WI	PROPOSED ALTERATION OF FEDERAL BLDG.	164	164				164		
SUBTOTAL (2)		284	284				284		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1984	ACTUAL FOR 1985	ESTIMATED FOR 1986	ESTIMATED FOR 1987	ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	1986	1987
OTHER IMPR (A)-ADMIN DISCRETIONARY FUND										
HARTFORD,CT	SPACE PROBLEM RENOV.	120	120		0					
MILWAUKEE,WI	PROPOSED ALTERATION OF FEDERAL BLDG.	164	164							
SUBTOTAL (2)		284	284		0					

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (B)-ADVANCE PLANNING FUND									
VARIOUS STATIONS	FY78 ADVANCE PLANNING FUND	4,322	4,323			-1	4,322		
VARIOUS STATIONS	FY79 ADVANCE PLANNING FUND	3,954	4,000			-46	3,954		
SUBTOTAL (2)		8276	8323			-47	8276		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (B)-ADVANCE PLANNING FUND										
VARIOUS STATIONS	FY78 ADVANCE PLANNING FUND	4,322	4.322					1		
VARIOUS STATIONS	FY79 ADVANCE PLANNING FUND	3,954	3,954		0	0		46		
SUBTOTAL (2)		8276	8276		0	0		47		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (C)-CLINICAL IMPROVEMENTS									
VARIOUS STATIONS	FY87 REQUEST	9,360						9,360	
ALBANY,NY	RENOVATE CHEMISTRY LAB	59			59		59		
ANN ARBOR,MI	LINEAR ACCELERATOR	1,700			1,700		1,700		
BOSTON,MA	MRI SUITE	1,859	1,700		159		1,859		
BROCKTON,MA	RELOCATE MICU B-3	16			16		16		
BRONX,NY	THERAPUTIC POOL	1,295	1,295				1,295		
CASTLE POINT,NY	LABORATORY ADDITION	1,500	1,500				1,500		
CHARLESTON,SC	RELOCATE MICU/SICU	1,078	1,078				1,078		
CHICAGO(LAKESIDE),IL	RENOVATE 8TH FLOOR LAB	1,007	1,007				1,007		
CHICAGO(WS),IL	REMODEL SURGICAL SUITE	1.821	1,633		309	-121	1,821		
CINCINNATI(CD),OH	REMODEL MORGUE AND LOADING DOCK	1,605	1,500		105		1,605		
CINCINNATI(CD),OH	REMODEL MICROBIOLGY AND HISTOLOGY	586	817		-231		586		
DALLAS,TX	EXPAND COBOLT FACILITY	1,349	1,100		249		1,349		
DANVILLE,IL	EXPAND AMB CARE B-98	31			31		31		
DAYTON,OH	RENOVATE MICU/CCU CATH B-300	22			22		22		
DURHAM,NC	RADIATION THERAPY	821	821				821		
EAST ORANGE,NJ	LINEAR ACCELEATOR	870			870		870		
EAST ORANGE,NJ	UPGRADE MICU	33			33		33		
FORT MEADE,SD	RENOVATE SURGICAL SUITE	19			19		19		
FRESNO,CA	RECONSTRUCT MICU/CCU AND STEPDOWN UNIT	36			36		36		
GAINESVILLE,FL	INSTALL DIAGNOSTIC MRI	35			35		35		
HINES(VAH),IL	LINEAR ACCELERATION FAC	1,838	1,600		238		1,838		
HINES(VAH),IL	RENOVATE 1ST FLOOR LAB SVC	111			111		111		
INDIANAPOLIS(TSD),IN	BACKFILL ALTS NEW WING ADDITION	10			10		10		
INDIANAPOLIS,IN	RADIATION ONCOLOGY TREATMENT	1,922	1,922				1,922		
KANSAS CITY,MO	RENOVATE MICOLOBOLGY	15			15		15		
KERRVILLE,TX	RENOVATION OF SPD	23			17	6	23		
LAKE CITY,FL	RENOVATE LAB B-64	1,030	1,100		-70		1,030		
LEXINGTON(LD),KY	RELOCATE CCU AND ASSO CARDIOLOGY FUNCTION	1,196	1,196				1,196		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (C)-CLINICAL IMPROVEMENTS										
VARIOUS STATIONS	FY87 REQUEST	9,360				864	8,496			8,496
ALBANY,NY	RENOVATE CHEMISTRY LAB	59		59	0	0				
ANN ARBOR,MI	LINEAR ACCELERATOR	1,700		30	99	1,478	93	1,670	1,571	93
BOSTON,MA	MRI SUITE	1,859		363	1,096	400		1.496	400	
BROCKTON,MA	RELOCATE MICU B-3	16		16	0	0				
BRONX,NY	THERAPUTIC POOL	1,295	91		1,047	14	143	1.204	157	143
CASTLE POINT,NY	LABORATORY ADDITION	1,500		26	95	1,135	244	1,474	1.379	244
CHARLESTON,SC	RELOCATE MICU/SICU	1,078	1,054	18	6			6		
CHICAGO(LAKESIDE),IL	RENOVATE 8TH FLOOR LAB	1,007	959	23	12	12	2	26	14	2
CHICAGO(WS),IL	REMODEL SURGICAL SUITE	1,821	122	1,570	86	43		250	43	
CINCINNATI(CD),OH	REMODEL MORGUE AND LOADING DOCK	1,605		113	1,044	404	44	1,492	448	44
CINCINNATI(CD),OH	REMODEL MICROBIOLGY AND HISTOLOGY	586	12	549	17	8		25	8	
DALLAS,TX	EXPAND COBOLT FACILITY	1,349	75		48	1,074	152	1,274	1,226	152
DANVILLE,IL	EXPAND AMB CARE B-98	31		27	0	4		4	4	
DAYTON,OH	RENOVATE MICU/CCU CATH B-300	22		22						
DURHAM,NC	RADIATION THERAPY	821	785	4	32			32		
EAST ORANGE,NJ	LINEAR ACCELEATOR	870			27	702	141	870	843	141
EAST ORANGE,NJ	UPGRADE MICU	33		33						
FORT MEADE,SD	RENOVATE SURGICAL SUITE	19			1	17	1	19	18	1
FRESNO,CA	RECONSTRUCT MICU/CCU AND STEPDOWN UNIT	36		31	0	5		5	5	
GAINESVILLE,FL	INSTALL DIAGNOSTIC MRI	35		32	0	3		4	3	
HINES(VAH),IL	LINEAR ACCELERATION FAC	1,838	97	73	1,065	432	171	1.668	603	171
HINES(VAH),IL	RENOVATE 1ST FLOOR LAB SVC	111			5	92	14	111	106	14
INDIANAPOLIS(TSD),IN	BACKFILL ALTS NEW WING ADDITION	10			1	9	0	10	9	
INDIANAPOLIS,IN	RADIATION ONCOLOGY TREATMENT	1,922		150	154	1,474	144	1,772	1,618	144
KANSAS CITY,MO	RENOVATE MICOLOBOLGY	15			0	14	0	15	15	
KERRVILLE,TX	RENOVATION OF SPD	23		17	0	6			6	
LAKE CITY,FL	RENOVATE LAB B-64	1,030	74		829	33	94	956	128	94
LEXINGTON(LD),KY	RELOCATE CCU AND ASSO CARDIOLOGY FUNCTION	1,196	1,174	1	21			21		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID- ERATION
OTHER IMPR (C)-CLINICAL IMPROVEMENTS									
LONG BEACH,CA	SURGICAL ICU	946	946				946		
LONG BEACH,CA	RELOCATE HEMODIALYSIS N-5 B-126	1,500	1,500				1,500		
LONG BEACH,CA	RELOCATE MICU	1,555	1,354		201		1,555		
LONG BEACH,CA	UPGRADE/RENOV. RADIATION THERPHY	30			30		30		
LOUISVILLE,KY	8-BED CORONARY CARE UNIT	627	719		-92		627		
MANCHESTER,NH	CL UPGRADE AND WAREHOUSE				25	-25			
MANCHESTER,NH	RELOCATE RADIOLOGY AND CHAPEL	1,681	1,575			106	1,681		
MEMPHIS,TN	RELOCATE AND EXPAND SICU	1,300			1,300		1,300		
MIAMI,FL	RENOVATE MICU/CCU	1,900	1,900				1,900		
MIAMI,FL	RELOCATE RADIOLOGY	1,970			1,970		1,970		
MILES CITY,MT	REMODEL ICU	15			15		15		
NASHVILLE,TN	EXPANSION OF SICU	835	676			159	835		
NASHVILLE,TN	EXPAND LAB SERVICE	1,348	1,348				1,348		
NASHVILLE,TN	RENOVATE AND UPGRADE MICU AND CCU	15			14	1	15		
NEW ORLEANS,LA	RENOVATE SICU	1,400	1,400				1,400		
NEW ORLEANS,LA	RENOVATE MICU/CCU	1,200	1,200				1,200		
NEW YORK	RENOVATE WARDS 14S PROTH ORTH AND RESTOR.	1,380	1,458		-78		1,380		
NORTHPORT,NY	10-BED SURGICAL ICU	1,999	1,457		542		1,999		
PHILADELPHIA(VAH),PA	RELOCATE/RENOV DENTAL SUITE BLDG.NO.1	894	894				894		
PITTSBURGH(UD),PA	RADIATION THERAPHY SUITE	33			33		33		
PRESCOTT,AZ	SURGICAL SUITE ADDN	674	674				674		
RICHMOND,VA	LINEAR ACCELEATOR	1,300			1,300		1,300		
RICHMOND,VA	MRI SUITE	1,512	1,600		-88		1,512		
SALISBURY,NC	PSYCHIATRIC ICU	12			12		12		
SALT LAKE CITY,UT	REMODEL FOR PHARMACY CANCELLED	74	74				74		
SALT LAKE CITY,UT	EXPAND RADIOLOGY	1,460	1,460				1,460		
SALT LAKE CITY,UT	RELOCATE DENTAL SVC	16			16		16		
SALT LAKE CITY,UT	MRI ADDITION	37			37		37		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS: ACTUAL THRU 1984	OBLIGATIONS: ACTUAL FOR 1985	OBLIGATIONS: ESTIMATED FOR 1986	OBLIGATIONS: ESTIMATED FOR 1987	OBLIGATIONS: ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (C)-CLINICAL IMPROVEMENTS										
LONG BEACH,CA	SURGICAL ICU	946	946							
LONG BEACH,CA	RELOCATE HEMODIALYSIS N-5 B-126	1,500		119	86	1,184	111	1,381	1,295	111
LONG BEACH,CA	RELOCATE MICU	1,555	91		1,258	82	124	1,464	206	124
LONG BEACH,CA	UPGRADE/RENOV. RADIATION THERPHY	30			2	27	1	30	28	1
LOUISVILLE,KY	8-BED CORONARY CARE UNIT	627	30	569	8	21		28	21	
MANCHESTER,NH	CL UPGRADE AND WAREHOUSE							25		
MANCHESTER,NH	RELOCATE RADIOLOGY AND CHAPEL	1,681	95		1,540	8	38	1,480	46	38
MEMPHIS,TN	RELOCATE AND EXPAND SICU	1,300		86	78	1,115	21	1,214	1,136	21
MIAMI,FL	RENOVATE MICU/CCU	1,900		136	163	1,474	127	1,764	1,601	127
MIAMI,FL	RELOCATE RADIOLOGY	1,970			124	1,713	133	1,970	1,846	133
MILES CITY,MT	REMODEL ICU	15			1	13	1	15	14	1
NASHVILLE,TN	EXPANSION OF SICU	835	45	12	664	34	80	619	114	80
NASHVILLE,TN	EXPAND LAB SERVICE	1,348	1,277	70	1			1		
NASHVILLE,TN	RENOVATE AND UPGRADE MICU AND CCU	15		14	0	1			1	
NEW ORLEANS,LA	RENOVATE SICU	1,400		22	93	1,080	205	1,378	1,285	205
NEW ORLEANS,LA	RENOVATE MICU/CCU	1,200	3	18	108	919	152	1,179	1,071	152
NEW YORK	RENOVATE WARDS 14S PROTH ORTH AND RESTOR.	1,380	132	1,161	40	47		87	47	
NORTHPORT,NY	10-BED SURGICAL ICU	1,999	154	21	1,426	374	24	1,824	398	24
PHILADELPHIA(VAH),PA	RELOCATE/RENOV DENTAL SUITE BLDG.NO.1	894	40	785	24	36	9	69	45	9
PITTSBURGH(UD),PA	RADIATION THERAPHY SUITE	33			2	30	1	33	31	1
PRESCOTT,AZ	SURGICAL SUITE ADDN	674	647	24	3			3		
RICHMOND,VA	LINEAR ACCELEATOR	1,300		35	1,212	9	44	1,265	53	44
RICHMOND,VA	MRI SUITE	1,512		1,455	19	38		57	38	
SALISBURY,NC	PSYCHIATRIC ICU	12		10	0	2		2	2	
SALT LAKE CITY,UT	REMODEL FOR PHARMACY CANCELLED	74	74							
SALT LAKE CITY,UT	EXPAND RADIOLOGY	1,460		27	130	1,212	91	1,433	1,303	91
SALT LAKE CITY,UT	RELOCATE DENTAL SVC	16			1	15	1	16	15	1
SALT LAKE CITY,UT	MRI ADDITION	37			2	33	2	37	35	2

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (C)-CLINICAL IMPROVEMENTS									
SAN DIEGO,CA	REMODEL MICU/CCU	30			30		30		
SAN FRANCISCO,CA	RENOV AND EXPAND SICU BLDG.NO.203	1,532	1,539		-7		1,532		
SAN FRANCISCO,CA	MRI AND SPECTORGROCPY CENTER	30			30		30		
SAN JUAN,PR	LINEAR ACCELATOR	16			16		16		
SEPULVEDA,CA	SICU AND RECOVERY RENOV.	1,000	1,000				1,000		
SHREVEPORT,LA	RENOVATE MICU/CCU,6N	795	820		-25		795		
TUSKEGEE,AL	RENOVATE LAB SERVICE	1,000			1,000		1,000		
WASHINGTON,DC	LINEAR ACCELEATOR	150	150				150		
WEST HAVEN,CT	RENOVATION PROCESS AND DISTRIBUTION	653	653				653		
WEST LOS ANGELES(WAD),CA	RELOCATE CLINICAL LAB	481	513		-32		481		
WEST LOS ANGELES, CA	BLDG. 304 MRI FACILITY	19			19		19		
WHITE RIVER JUNCTION,VT	EXPAND MICU	799	799				799		
WILKES-BARRE,PA	RELOCATE NUCLEAR MED SVC	1,338	1,338				1,338		
WILKES-BARRE,PA	ALCHOL TREATMENT UNIT	1,900			1,900		1,900		
VARIOUS STATIONS	FY81 PROGRAM BALANCE	99	115		-16		99		
VARIOUS STATIONS	FY82 PROGRAM BALANCE	498	1,241		-743		498		
VARIOUS STATIONS	FY83 PROGRAM BALANCE	98	1,741		-1,643		98		
VARIOUS STATIONS	FY84 PROGRAM BALANCE	135	3,209		-2,969	-105	135		
VARIOUS STATIONS	FY85 PROGRAM BALANCE	1,309	7,855		-6,527	-19	1,309		
VARIOUS STATIONS	FY86 PROGRAM BALANCE	12,700		12,700			12,700		
SUBTOTAL (77)		81542	59477	12700	3	2	72182	9360	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984			OBLIGATIONS ESTIMATED FOR 1986			UNOBLIGATED APPROPRIATION END OF YEAR 1985		
				FOR 1985			FOR 1987	FOR FUTURE		1986	1987
OTHER IMPR (C)-CLINICAL IMPROVEMENTS											
SAN DIEGO,CA	REMODEL MICU/CCU	30		30		0	0				
SAN FRANCISCO,CA	RENOV AND EXPAND SICU BLDG.NO.203	1,532	145	1,289		31	67		98	67	
SAN FRANCISCO,CA	MRI AND SPECTORGROCPY CENTER	30				2	27	1	30	28	1
SAN JUAN,PR	LINEAR ACCELATOR	16				0	15	1	16	16	1
SEPULVEDA,CA	SICU AND RECOVERY RENOV.	1,000		71		48	762	119	929	881	119
SHREVEPORT,LA	RENOVATE MICU/CCU,6N	795	57	684		14	40		54	40	
TUSKEGEE,AL	RENOVATE LAB SERVICE	1,000		13		50	882	56	987	937	56
WASHINGTON,DC	LINEAR ACCELEATOR	150		150							
WEST HAVEN,CT	RENOVATION PROCESS AND DISTRIBUTION	653	642			11			11		
WEST LOS ANGELES(WAD),CA	RELOCATE CLINICAL LAB	481	483	-2							
WEST LOS ANGELES, CA	BLDG. 304 MRI FACILITY	19					18	1	19	19	1
WHITE RIVER JUNCTION,VT	EXPAND MICU	799	32	26		633	28	80	741	108	80
WILKES-BARRE,PA	RELOCATE NUCLEAR MED SVC	1,338	114			1,069		155	1.224	155	155
WILKES-BARRE,PA	ALCHOL TREATMENT UNIT	1,900				32	1.740	128	1.900	1.868	128
VARIOUS STATIONS	FY81 PROGRAM BALANCE	99				94	5		99	5	
VARIOUS STATIONS	FY82 PROGRAM BALANCE	498				483	7	8	498	15	8
VARIOUS STATIONS	FY83 PROGRAM BALANCE	98				63	26	9	98	35	9
VARIOUS STATIONS	FY84 PROGRAM BALANCE	135				1	98	36	240	134	36
VARIOUS STATIONS	FY85 PROGRAM BALANCE	1,309				10	1.063	236	1.328	1.299	236
VARIOUS STATIONS	FY86 PROGRAM BALANCE	12,700				96	6.815	5.789		12.604	5.789
SUBTOTAL (77)		81542	9450	9981		15305	29285	17522	40050	37446	17521

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

OTHER IMPR (D)-ELECTRICAL IMPROVEMENT

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
VARIOUS STATIONS	FY87 REQUEST	1,500						1,500	
BECKLEY,WV	UPDATE EL SYSTEM	1,431	1,400			31	1,431		
BOSTON,MA	RACEWAY SYSTEM LOW VOLTAGE WIRING	20			20		20		
CANANDAIGUA,NY	EMERGENCY GENERATOR	817	908			-91	817		
ERIE,PA	PRIMARY EL/WAREHOUSE	34			34		34		
JACKSON,MS	RENOVATE ELECTRICAL SYS	1,980			1,980		1,980		
KERRVILLE,TX	SECONDARY DISTRIB AND ESSENTIAL EL SYSTEM	1,699	1,478			221	1,699		
LYONS,NJ	PROVIDE EMERGENCY POWER	1,073	1,073				1,073		
MARION,IN	CORRECT ELECTRICAL DEFIC.	1,800	1,800				1,800		
MILWAUKEE,WI	EMERGENCY GENERATOR AND CHANGES B-111	1,081	1,000		81		1,081		
MONTROSE,NY	EMERGENCY GENERATOR	765	765				765		
MONTROSE,NY	EMERGENCY GENERATOR	40			40		40		
NEW ORLEANS,LA	ELECTRICAL IMPROVEMENTS	1,019	1,019				1,019		
NORTH CHICAGO(DOWNEY),IL	ESSENTIAL ELECTRICAL SERVICE	614	614				614		
PALO ALTO(PAD),CA	CORRECT ELECTRICAL IMPROVEMENTS	1,507	1,507				1,507		
PALO ALTO(PAD),CA	IMPROVE SECONDARY ELECTRICAL DISTRIBUTION	1,300	1,300				1,300		
PROVIDENCE,RI	EMERGENCY GENERATOR	1,597	1,568			29	1,597		
SALISBURY,NC	EMERGENCY GENERATOR CLAIM	11			11		11		
SAN FRANCISCO,CA	ELECTRICAL IMPROVEMENTS	1,224	710			514	1,224		
SPOKANE,WA	PRIMARY ELECTRICAL IMPROVEMENTS	1,400			1,400		1,400		
ST CLOUD,MN	EMERGENCY GENERATOR PH I	567	567				567		
ST CLOUD,MN	STANDBY GENERATOR	570	680		-110		570		
TEMPLE,TX	EMERGENCY GEN B-162	410	410				410		
WEST LOS ANGELES(BW),CA	CORRECTION OF ELECTRICAL IMPROVEMENTS	690	702		-12		690		
WEST LOS ANGELES(WAD),CA	CORRECTION OF ELECTRICAL IMPROVEMENTS	942	959		-17		942		
WHITE RIVER JUNCTION,VT	EMERGENCY GENERATOR AND ELECTRICAL IMPROVEMENTS	447	447				447		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (D)-ELECTRICAL IMPROVEMENT										
VARIOUS STATIONS	FY87 REQUEST	1,500				138	1,362			1,362
BECKLEY,WV	UPDATE EL SYSTEM	1,431		91	45	1,257	38	1,309	1,295	38
BOSTON,MA	RACEWAY SYSTEM LOW VOLTAGE WIRING	20			1	18	1	20	19	1
CANANDAIGUA,NY	EMERGENCY GENERATOR	817	821		-4			87		
ERIE,PA	PRIMARY EL/WAREHOUSE	34		34	0	0				
JACKSON,MS	RENOVATE ELECTRICAL SYS	1,980			14	170	1,796	1,980	1,966	1,796
KERRVILLE,TX	SECONDARY DISTRIB AND ESSENTIAL EL SYSTEM	1,699	114	0	1,501	73	12	1,364	85	12
LYONS,NJ	PROVIDE EMERGENCY POWER	1,073	1,052	-1	21			21		
MARION,IN	CORRECT ELECTRICAL DEFIC.	1,800		108	135	1,420	137	1,692	1,557	137
MILWAUKEE,WI	EMERGENCY GENERATOR AND CHANGES B-111	1,081	67	943	22	49		71	49	
MONTROSE,NY	EMERGENCY GENERATOR	765	748	16	1			1		
MONTROSE,NY	EMERGENCY GENERATOR	40		39	0	1		1	1	
NEW ORLEANS,LA	ELECTRICAL IMPROVEMENTS	1,019	958		61			61		
NORTH CHICAGO(DOWNEY),IL	ESSENTIAL ELECTRICAL SERVICE	614	574		37	3		40	3	
PALO ALTO(PAD),CA	CORRECT ELECTRICAL IMPROVEMENTS	1,507	126	1,336	45			45		
PALO ALTO(PAD),CA	IMPROVE SECONDARY ELECTRICAL DISTRIBUTION	1,300		47	19	1,071	164	1,253	1,235	164
PROVIDENCE,RI	EMERGENCY GENERATOR	1,597	1,432	31	76	57		105	57	
SALISBURY,NC	EMERGENCY GENERATOR CLAIM	11		11						
SAN FRANCISCO,CA	ELECTRICAL IMPROVEMENTS	1,224	60		1,080	40	44	650	84	44
SPOKANE,WA	PRIMARY ELECTRICAL IMPROVEMENTS	1,400		46	102	1,207	45	1,354	1,252	45
ST CLOUD,MN	EMERGENCY GENERATOR PH I	567	529	6	18	15		33	15	
ST CLOUD,MN	STANDBY GENERATOR	570	50	490	26	5		31	5	
TEMPLE,TX	EMERGENCY GEN B-162	410	386	14	9	1		10	1	
WEST LOS ANGELES(BW),CA	CORRECTION OF ELECTRICAL IMPROVEMENTS	690	690		0	0				
WEST LOS ANGELES(WAD),CA	CORRECTION OF ELECTRICAL IMPROVEMENTS	942	942		0	0				
WHITE RIVER JUNCTION,VT	EMERGENCY GENERATOR AND ELECTRICAL IMPROVEMENTS	447	426		21			21		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (D)-ELECTRICAL IMPROVEMENT									
WILKES-BARRE,PA	CORRECT ELECTRICAL IMPROVEMENTS	1,331	1,331				1,331		
VARIOUS STATIONS	FY79 PROGRAM BALANCE		1,059		-1,059				
VARIOUS STATIONS	FY80 PROGRAM BALANCE		499		-499				
VARIOUS STATIONS	FY81 PROGRAM BALANCE	19	691		-641	-31	19		
VARIOUS STATIONS	FY83 PROGRAM BALANCE	1,689	2,097		266	-674	1,689		
VARIOUS STATIONS	FY84 PROGRAM BALANCE	1,590	1,590				1,590		
VARIOUS STATIONS	FY85 PROGRAM BALANCE	1,406	2,900		-1,494		1,406		
VARIOUS STATIONS	FY86 PROGRAM BALANCE	2,000		2,000			2,000		
SUBTOTAL (34)		32573	29074	2000		-1	31073	1500	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (D)-ELECTRICAL IMPROVEMENT										
WILKES-BARRE,PA	CORRECT ELECTRICAL IMPROVEMENTS	1,331	1,282	47	2			2		
VARIOUS STATIONS	FY79 PROGRAM BALANCE									
VARIOUS STATIONS	FY80 PROGRAM BALANCE									
VARIOUS STATIONS	FY81 PROGRAM BALANCE	19			0	18	1	50	19	1
VARIOUS STATIONS	FY83 PROGRAM BALANCE	1,689			9	109	1,571	2,363	1,680	1,571
VARIOUS STATIONS	FY84 PROGRAM BALANCE	1,590			11	136	1,442	1,590	1,579	1,442
VARIOUS STATIONS	FY85 PROGRAM BALANCE	1,406			54	972	380	1,406	1,352	380
VARIOUS STATIONS	FY86 PROGRAM BALANCE	2,000			185	1,680	135		1,815	135
SUBTOTAL (34)		32573	10257	3259	3490	8439	7129	15560	14069	7128

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSIDERATION
OTHER IMPR (E)-ELEVATORS									
BEDFORD, MA	ELEVATORS FOR BLDGS-3,4,5 AND 62	1,100	1,100				1,100		
KNOXVILLE, IA	INSTALL ADDN ELEVATORS B-67/68/74 AND 101	817	799		18		817		
LAKE CITY, FL	INSTALL ADDN ELEVATORS BLDG. NO. 38 AND 62	436	600			-164	436		
LEXINGTON(LD), KY	ADDITION ELEVATORS	10			10		10		
MONTROSE, NY	ADDITIONAL ELEVATORS	1,500	1,500				1,500		
MONTROSE, NY	ADDITIONAL ELEVATORS BLDG.NO.4 & 13	17			17		17		
NORTHAMPTON, MA	ELEVATORS B-6,7,8 AND 12	1,050	1,050				1,050		
NORTHPORT, NY	INSTALL ELEVATOR BLDGS.NOS.1,10 AND 12	580	690		-110		580		
PERRY POINT, MD	NEW ELEVATORS	1,690	1,485		205		1,690		
SAN FRANCISCO, CA	INSTALLATION OF HYDRAULIC ELEVATORS	577	604		-52	25	577		
TAMPA, FL	TWO ADDITIONAL ELEVATORS	844	854		-10		844		
WACO, TX	CONSTRUCT EXTERIOR ELEVATOR	529	580		-51		529		
VARIOUS STATIONS	FY79 PROGRAM BALANCE		15		-15				
VARIOUS STATIONS	FY83 PROGRAM BALANCE	423	542		-94	-25	423		
VARIOUS STATIONS	FY84 PROGRAM BALANCE	358	110		83	165	358		
SUBTOTAL (15)		9931	9929		1	1	9931		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (E)-ELEVATORS										
BEDFORD,MA	ELEVATORS FOR BLDGS-3,4,5 AND 62	1,100	79		41	857	122	1,021	980	122
KNOXVILLE,IA	INSTALL ADDN ELEVATORS B-67/68/74 AND 101	817	790	5	19	3		22	3	
LAKE CITY,FL	INSTALL ADDN ELEVATORS BLDG. NO. 38 AND 62	436	41		374	9	12	559	20	12
LEXINGTON(LD),KY	ADDITION ELEVATORS	10		5	0	4		5	4	
MONTROSE,NY	ADDITIONAL ELEVATORS	1,500		61	1,259	29	152	1,439	181	152
MONTROSE,NY	ADDITIONAL ELEVATORS BLDG.NO.4 & 13	17		13	0	4		4	4	
NORTHAMPTON,MA	ELEVATORS B-6,7,8 AND 12	1,050	972	35	43			43		
NORTHPORT,NY	INSTALL ELEVATOR BLDGS.NOS.1,10 AND 12	580		52	522	1	5	528	6	5
PERRY POINT,MD	NEW ELEVATORS	1,690	99	1,501	17	68	6	90	73	6
SAN FRANCISCO,CA	INSTALLATION OF HYDRAULIC ELEVATORS	577	550	2	19	6			6	
TAMPA,FL	TWO ADDITIONAL ELEVATORS	844	851	-8	0					
WACO,TX	CONSTRUCT EXTERIOR ELEVATOR	529		40	460	11	18	489	29	18
VARIOUS STATIONS	FY79 PROGRAM BALANCE									
VARIOUS STATIONS	FY83 PROGRAM BALANCE	423			17	289	117	448	406	117
VARIOUS STATIONS	FY84 PROGRAM BALANCE	358			331	13	13	193	27	13
SUBTOTAL (15)		9931	3381	1707	3103	1294	446	4841	1739	445

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

				APPROPRIATIONS PLAN					
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSIDERATION
OTHER IMPR (F)-ENERGY CONSERVATION									
ASHEVILLE(OTEEN),NC	ENERGY MANAGEMENT AND HEAT RUN AROUND	2,056	2,056				2,056		
DURHAM,NC	ENERGY RETROFIT HVAC	926	927		-1		926		
NASHVILLE,TN	ENERGY RECOVERY COILS	463	463				463		
NEW YORK,NY	HEAT WHEELS	856	856				856		
SAN ANTONIO,TX	INSTALL INCINERATOR	637	637				637		
SAN JUAN,PR	SOLAR COLLECTOR SYSTEM	686	686				686		
WASHINGTON,DC	HVAC HEAT RECLAMATION	737	717		20		737		
VARIOUS STATIONS	FY81 PROGRAM BALANCE	21	40		-19		21		
SUBTOTAL (8)		6382	6382				6382		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (F)-ENERGY CONSERVATION										
ASHEVILLE(OTEEN),NC	ENERGY MANAGEMENT AND HEAT RUN AROUND	2,056	1,916	39	47	47	8	101	55	8
DURHAM,NC	ENERGY RETROFIT HVAC	926	926							
NASHVILLE,TN	ENERGY RECOVERY COILS	463	462		1			1		
NEW YORK,NY	HEAT WHEELS	856	807	31	18			18		
SAN ANTONIO,TX	INSTALL INCINERATOR	637	192	419	26			26		
SAN JUAN,PR	SOLAR COLLECTOR SYSTEM	686	541	27	101	17		118	17	
WASHINGTON,DC	HVAC HEAT RECLAMATION	737	715	16	5	2		6	2	
VARIOUS STATIONS	FY81 PROGRAM BALANCE	21			19	1	0	21	2	
SUBTOTAL (8)		6382	5559	531	217	67	8	291	76	8

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (G)-FIRE & SAFETY IMPROV									
VARIOUS STATIONS	FY87 REQUEST	2,000						2,000	
ALBANY,NY	FIRE ALARM SYSTEM	1,030			1,030		1,030		
ALBANY,NY	INSTALL SPRINKLER SYSTEM	1,070	1,070				1,070		
ALEXANDRIA,LA	FIRE AND SAFETY IMPROV.	1,605	1,358		247		1,605		
ALEXANDRIA,LA	RETURN AND EXHAUST AIR BLDG.1-3 AND 8	730	730				730		
ALLEN PARK,MI	INSTALL SPRINKLERS PATIENT ADJACENT AREAS	1,626	1,781		-155		1,626		
ALLEN PARK,MI	REPLACE FIRE ALARM ADDN SMOKE DETECTORS	860	860				860		
ALLEN PARK,MI	SPRINKLER AREA	633	633				633		
AMERICAN LAKE,WA	ADDITIONAL EXITS	1,091	1,091				1,091		
ANN ARBOR,MI	DEADEND CORRIDOR STAIRS	758	758				758		
BALTIMORE,MD	SPRINKLER B-1	17				17	17		
BEDFORD,MA	SPRINKLER B-70	39				39	39		
BOSTON,MA	INSTALL DAMPERS	978	787		191		978		
BROCKTON,MA	FIRE AND SAFETY IMPROV.	850			850		850		
BROOKLYN,ST.ALBANS,N.Y.	SPRINKLER PLANT AREAS AND SMOKE DET B-89	17			17		17		
BUFFALO,NY	STORM WATER RELIEF SYSTEM	1,978	1,978				1,978		
CANANDAIGUA,NY	ELEVATE WATER TANK ON STANDPIPE	1,025	1,025				1,025		
CANANDAIGUA,NY	TOTAL SPRINKLER SYSTEM	1,960			1,960		1,960		
CASTLE POINT,NY	WATER SUPPLY SYSTEM	1,918	1,918				1,918		
CLEVELAND(BRECKSVLE),OH	REPLACE FIRE ALARM SYS	1,175	1,175				1,175		
DALLAS,TX	FIRE AND SAFETY IMPROV.	1,542	1,600		-58		1,542		
DANVILLE,IL	EXPAND AUTOMATIC SPRINKLER SYSTEM	432	720		-288		432		
DAYTON,OH	FIRE AND SAFETY VAR BLDGS.	1,997	1,997				1,997		
DUBLIN,GA	FIRE AND SAFETY IMPROV.	1,139	1,139				1,139		
DUBLIN,GA	REPLACE FIRE ALARM SYSTEM	1,230	1,230				1,230		
HOT SPRINGS,SD	CONSTR. FIRE STATION	680			680		680		
IRON MOUNTAIN,MI	INSTALL AUTOMATIC SPRINKLER SYS	1,364	1,640		-276		1,364		
KANSAS CITY,MO	REPLACE FIRE ALARM SYS	579	579				579		
KNOXVILLE,IA	CITY SEWAGE CONN SYS	619	660		-41		619		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (G)-FIRE & SAFETY IMPROV										
VARIOUS STATIONS	FY87 REQUEST	2,000				185	1,815			1,815
ALBANY,NY	FIRE ALARM SYSTEM	1,030			88	777	165	1,030	942	165
ALBANY,NY	INSTALL SPRINKLER SYSTEM	1,070	21		15	881	152	1,049	1,033	152
ALEXANDRIA,LA	FIKE AND SAFETY IMPROV.	1,605	120	1,391	25	69		95	69	
ALEYANDRIA,LA	RETURN AND EXHAUST AIR BLDG.1-3 AND 8	730		46	588	20	75	684	95	75
ALLEN PARK,MI	INSTALL SPRINKLERS PATIENT ADJACENT AREAS	1,626		10	1,496	32	88	1,616	120	88
ALLEN PARK,MI	REPLACE FIRE ALARM ADDN SMOKE DETECTORS	860	799	41	20			20		
ALLEN PARK,MI	SPRINKLER AREA	633	631	2	0					
AMERICAN LAKE,WA	ADDITIONAL EXITS	1,091	1,072		19			19		
ANN ARBOR,MI	DEADEND CORRIDOR STAIRS	758	758							
BALTIMORE,MD	SPRINKLER B-1	17			0	16	0		17	
BEDFORD,MA	SPRINKLER B-70	39			0	38	1		39	1
BOSTON,MA	INSTALL DAMPERS	978	66	865	8	31	8	47	39	8
BROCKTON,MA	FIRE AND SAFETY IMPROV.	850			58	654	138	850	792	138
BROOKLYN,ST.ALBANS,N.Y.	SPRINKLER PLANT AREAS AND SMOKE DET B-89	17		17	0	0				
BUFFALO,NY	STORM WATER RELIEF SYSTEM	1,978	1,862	1	98	16		114	16	
CANANDAIGUA,NY	ELEVATE WATER TANK ON STANDPIPE	1,025	18	78	62	795	72	929	867	72
CANANDAIGUA,NY	TOTAL SPRINKLER SYSTEM	1,960			65	1,762	132	1,960	1,895	132
CASTLE POINT,NY	WATER SUPPLY SYSTEM	1,918	1,809	28	35	35	12	81	46	12
CLEVELAND(BRECKSVLE),OH	REPLACE FIRE ALARM SYS	1,175	1,146	19	9			9		
DALLAS,TX	FIRE AND SAFETY IMPROV.	1,542		397	398	598	149	1,145	747	149
DANVILLE,IL	EXPAND AUTOMATIC SPRINKLER SYSTEM	432	42	1	338	24	27	389	52	27
DAYTON,OH	FIRE AND SAFETY VAR BLDGS.	1,997		48	171	1,539	239	1,949	1,778	239
DUBLIN,GA	FIRE AND SAFETY IMPROV.	1,139	83	979	43	35		77	35	
DUBLIN,GA	REPLACE FIRE ALARM SYSTEM	1,230		63		1,031	136	1,167	1,167	136
HOT SPRINGS,SD	CONSTR. FIRE STATION	680		47	54	571	8	633	579	8
IRON MOUNTAIN,MI	INSTALL AUTOMATIC SPRINKLER SYS	1,364	108		1,058	37	161	1,256	198	161
KANSAS CITY,MO	REPLACE FIRE ALARM SYS	579	571	-2	10			10		
KNOXVILLE,IA	CITY SEWAGE CONN SYS	619	630	-11						

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (G)-FIRE & SAFETY IMPROV									
LAKE CITY,FL	REPLACE HVAC SYS B-38	847	847				847		
LEXINGTON(LD),KY	FIRE AND SAFETY IMPROV.	36			36		36		
LINCOLN,NE	SAFETY AND FIRE IMPROV.	624	624				624		
LONG BEACH,CA	SMOKE DOOR HOLDERS	905	905				905		
LONG BEACH,CA	FIRE AND SAFETY IMPROV.	1,994	1,994				1,994		
LOUISVILLE,KY	FIRE AND SAFETY IMPROV.	1,500	1,500				1,500		
MARLIN,TX	SAFETY AND FIRE IMPROV.	874	874				874		
MIAMI,FL	SMOKE CONTROL SYSTEM AND FIRE ALARM	1,500			1,500		1,500		
MOUNTAIN HOME,TN	NEW DOMESTIC WATER AND FIRE MAINS	596	598		-2		596		
MURFREESBORO,TN	LIFE SAFETY CODE DEFIC	1,800			1,800		1,800		
NEW ORLEANS,LA	FIRE SPRINKLERS B-NO.1	1,206	1,206				1,206		
NORTHPORT,NY	ENCLOSE STAIRWELLS	1,674	1,674				1,674		
OKLAHOMA CITY,OK	FIRE AND SAFETY IMPROVE	1,700			1,700		1,700		
OKLAHOMA CITY,OK	HVAC DUIT RETURN SYS	28			28		28		
PALO ALTO(MPD),CA	CORRECT F&S DEFIC.	1,500			1,500		1,500		
PERRY POINT,MD	ADDN AUTOMATIC SPRINKLER	1,700	1,700				1,700		
PHILADELPHIA,PA	SPRINKLER HOSPITAL B-1	1,967	1,500		467		1,967		
PITTSBURGH(UD),PA	DEADEND CORRIDOR AND PATIENT PRIVACY	1,740	1,740				1,740		
PITTSBURGH(UD),PA	ADDN SMOKE DAMPERS SPRINKLERS	15			15		15		
POPLAR BLUFF,MO	ADDITIONAL EXITS	407	407				407		
POPLAR BLUFF,MO	SMOKE BARRIERS	266	266				266		
SALISBURY,NC	FIRE AND SAFETY IMPROV.	1,612	1,612				1,612		
SALT LAKE CITY,UT	FIRE AND SAFETY IMPROV. (SPINKLER)	29			29		29		
SAN DIEGO,CA	FIRE AND SAFETY IMPROV.	1,800			1,800		1,800		
SEPULVEDA,CA	UNDERGROUND WATER RESEVOIR	734	1,020		-286		734		
SPOKANE,WA	ADDN FIRE SPRINKLERS	1,700	1,700				1,700		
ST CLOUD,MN	FIRE AND SAFETY IMPROVEMENTS PH I	626	634		-8		626		
ST CLOUD,MN	FIRE AND SAFETY IMPROVEMENTS PH II	412	427		-15		412		
TEMPLE,TX	CORRECT LIFE SAFETY CODE	1,800	1,800				1,800		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (G)-FIRE & SAFETY IMPROV										
LAKE CITY,FL	REPLACE HVAC SYS B-38	847	822	0	23	2		25	2	
LEXINGTON(LD),KY	FIRE AND SAFETY IMPROV.	36		35	0	1		1	1	
LINCOLN,NE	SAFETY AND FIRE IMPROV.	624	464	36	120	4		124	4	
LONG BEACH,CA	SMOKE DOOR HOLDERS	905	905	0						
LONG BEACH,CA	FIRE AND SAFETY IMPROV.	1,994		110	104	1,539	242	1,884	1,780	242
LOUISVILLE,KY	FIRE AND SAFETY IMPROV.	1,500	91	49	1,183	65	112	1,360	177	112
MARLIN,TX	SAFETY AND FIRE IMPROV.	874	859	6	9			9		
MIAMI,FL	SMOKE CONTROL SYSTEM AND FIRE ALARM	1,500			120	1,294	86	1,500	1,380	86
MOUNTAIN HOME,TN	NEW DOMESTIC WATER AND FIRE MAINS	596	453	144						
MURFREESBORO,TN	LIFE SAFETY CODE DEFIC	1,800		75	79	1,527	120	1,725	1,647	120
NEW ORLEANS,LA	FIRE SPRINKLERS B-NO.1	1,206	98	128	392	588		980	588	
NORTHPORT,NY	ENCLOSE STAIRWELLS	1,674	1,606		59	10		68	10	
OKLAHOMA CITY,OK	FIRE AND SAFETY IMPROVE	1,700		113	113	1,308	166	1,587	1,474	166
OKLAHOMA CITY,OK	HVAC DUIT RETURN SYS	28		28						
PALO ALTO(MPD),CA	CORRECT F&S DEFIC.	1,500			25	1,232	243	1,500	1,475	243
PERRY POINT,MD	ADDN AUTOMATIC SPRINKLER	1,700		63	1,359	63	214	1,637	278	214
PHILADELPHIA,PA	SPRINKLER HOSPITAL B-1	1,967	104	2	1,594	42	225	1,861	267	225
PITTSBURGH(UD),PA	DEADEND CORRIDOR AND PATIENT PRIVACY	1,740		26	99	1,359	256	1,714	1.615	256
PITTSBURGH(UD),PA	ADDN SMOKE DAMPERS SPRINKLERS	15		14	0	1		1	1	
POPLAR BLUFF,MO	ADDITIONAL EXITS	407	399		8			8		
POPLAR BLUFF,MO	SMOKE BARRIERS	266	265		1			1		
SALISBURY,NC	FIRE AND SAFETY IMPROV.	1,612		196	1,351	36	28	1,416	64	28
SALT LAKE CITY,UT	FIRE AND SAFETY IMPROV. (SPINKLER)	29			0	27	2	29	29	2
SAN DIEGO,CA	FIRE AND SAFETY IMPROV.	1,800			105	1,403	292	1,800	1,695	292
SEPULVEDA,CA	UNDERGROUND WATER RESEVOIR	734	74	614	5	28	14	46	42	14
SPOKANE,WA	ADDN FIRE SPRINKLERS	1,700		128	1,353	35	184	1,572	219	184
ST CLOUD,MN	FIRE AND SAFETY IMPROVEMENTS PH I	626	76	535	8	8		16	8	
ST CLOUD,MN	FIRE AND SAFETY IMPROVEMENTS PH II	412	38	356	15	3		17	3	
TEMPLE,TX	CORRECT LIFE SAFETY CODE	1,800		52	129	1,428	191	1,748	1,620	191

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (G)-FIRE & SAFETY IMPROV									
TUCSON,AZ	REPLACE AND UPGRADE FIRE ALARM SYSTEM	441	441				441		
TUSKEGEE,AL	FIRE AND SAFETY IMPROV.	1,759	1,990		-231		1,759		
TUSKEGEE,AL	CORRECT HANDICAPPED BARRIERS	1,900	1,900				1,900		
TUSKEGEE,AL	FIRE AND SAFETY IMPROV.	1,700	1,700				1,700		
WALLA WALLA,WA	FIRE STAIRS PATIENT PRIVACY	825	839			-14	825		
WASHINGTON,DC	ADDITIONAL SPRINKLERS	1,952	1,952				1,952		
WEST LOS ANGELES, CA	ELMINATE DEADEND CORRIDOR STAIRS	9			9		9		
WHITE RIVER JUNCTION,VT	INSTALL SPRNKLR SYS	1,001	1,058		-57		1,001		
WICHITA,KS	DEADEND CORRIDOR STAIRS	235	235				235		
WILMINGTON,DE	DEADEND CORRIDOR STAIRS	793	831		-38		793		
VARIOUS STATIONS	FY79 PROGRAM BALANCE		188		-188				
VARIOUS STATIONS	FY82 PROGRAM BALANCE	790	2,169		-1,379		790		
VARIOUS STATIONS	FY83 PROGRAM BALANCE	1,348	2,989		-1,638	-3	1,348		
VARIOUS STATIONS	FY84 PROGRAM BALANCE	1,867	6,202		-4,335		1,867		
VARIOUS STATIONS	FY85 PROGRAM BALANCE	8,697	13,600		-4,863	-40	8,697		
VARIOUS STATIONS	FY86 PROGRAM BALANCE	6,000		6,000			6,000		
SUBTOTAL (74)		91851	83851	6000	1	-1	89851	2000	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (G)-FIRE & SAFETY IMPROV										
TUCSON,AZ	REPLACE AND UPGRADE FIRE ALARM SYSTEM	441	425		16			16		
TUSKEGEE,AL	FIRE AND SAFETY IMPROV.	1,759	38	133	1,354	99	136	1,588	234	136
TUSKEGEE,AL	CORRECT HANDICAPPED BARRIERS	1,900		26	114	1,469	292	1,874	1,760	292
TUSKEGEE,AL	FIRE AND SAFETY IMPROV.	1,700		23	128	1,310	239	1,677	1,550	239
WALLA WALLA,WA	FIRE STAIRS PATIENT PRIVACY	825	66	706	20	33		67	33	
WASHINGTON,DC	ADDITIONAL SPRINKLERS	1,952		138	1,631	19	163	1,814	183	163
WEST LOS ANGELES, CA	ELMINATE DEADEND CORRIDOR STAIRS	9			0	8	1	9	9	1
WHITE RIVER JUNCTION,VT	INSTALL SPRNKLR SYS	1,001	84	847	17	52		70	52	
WICHITA,KS	DEADEND CORRIDOR STAIRS	235	10		150	75		225	75	
WILMINGTON,DE	DEADEND CORRIDOR STAIRS	793	801	-8	0	0				
VARIOUS STATIONS	FY79 PROGRAM BALANCE									
VARIOUS STATIONS	FY82 PROGRAM BALANCE	790				73	717	790	790	717
VARIOUS STATIONS	FY83 PROGRAM BALANCE	1,348			10	116	1,223	1,351	1,338	1,223
VARIOUS STATIONS	FY84 PROGRAM BALANCE	1,867			13	160	1,694	1,867	1,854	1,694
VARIOUS STATIONS	FY85 PROGRAM BALANCE	8,697			62	745	7,889	8,737	8,635	7,889
VARIOUS STATIONS	FY86 PROGRAM BALANCE	6,000			43	514	5,443		5,957	5,443
SUBTOTAL (74)		91851	17412	8595	16473	25821	23550	57843	47375	23550

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSIDERATION
OTHER IMPR (H)-GENERAL PROJECTS									
VARIOUS STATIONS	FY87 REQUEST	13,000						13,000	
ALBUQUERQUE,NM	SUPPLY SERVICE WAREHOUSE	1,764	1,513		251		1,764		
ALLEN PARK,MI	CONVERT LAUNDRY TO ADMIN SPACE	1,099	1,152		-53		1,099		
ALLEN PARK,MI	RENOVATE CANTEEN KITCHEN	680	680				680		
ALTOONA,PA	WAREHOUSE BLDG.	990	990				990		
AMERICAN LAKE,WA	RENOVATE WARDS B-5 INCLUDING SEISMIC	1,594	1,661			-67	1,594		
ASHEVILLE(OTEEN),NC	DIETETIC RENOVATION	36			36		36		
AUGUSTA(LD),GA	MEDICAL GAS AND NURSE CALL SYSTEM	357	357				357		
BATTLE CREEK,MI	CONNECTING CORRIDORS FROM BLDGS 22 TO BLDG.10				14	-14			
BOISE,ID	CONNECTING CORRIDOR B-27 TO 29	26			26		26		
BROOKLYN,NY	RENOVATE CANTEEN	861	861				861		
BROOKLYN,NY	CENTRALIZED TRAY SERVICE	1,989	1,800		189		1,989		
BROOKLYN,NY	TELEPHONE SYS REPL SITE PREPARATION	34				34	34		
BUFFALO,NY	REMODEL MAIN KITCHEN	1,900			1,900		1,900		
BUTLER,PA	AOV 4 WEST	1,153	1,300		-147		1,153		
CHICAGO(LAKESIDE),IL	PATIENT TRANSPORT CORR.	1,800	1,800				1,800		
CHICAGO(LAKESIDE),IL	MODERNIZE PATIENT WARD 11TH FLOOR	1,390	1,390				1,390		
CHICAGO(LAKESIDE),IL	MOD PATIENT WARDS 12TH FLOOR	1,200	1,200				1,200		
CHICAGO(WS),IL	RENOVATE PSYCHATRIC WARD AREAS	1,616	1,616				1,616		
CHILLICOTHE,OH	SEWAGE PLANT	24			24		24		
CHILLICOTHE,OH	WATER WELL SYSTEM	800	800				800		
CINCINNATI(CD),OH	REMODEL 7TH FLOOR PSYCHIATRIC WARD	990	990				990		
CINCINNATI(CD),OH	RENOVATE 8TH FLOOR PSYCH	1,991	1,100			891	1,991		
CLARKSBURG,WV	WARD RENOVATION 3A	1,469	1,100		369		1,469		
CLARKSBURG,WV	WARD RENOVATION (4A)	760	760				760		
CLEVELAND(WADE PARK),OH	CONVERT WARD 33 TO PSYCH	534	534				534		
CLEVELAND(WADE PARK),OH	NHCU RENOVATION B-6	35			35		35		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (H)-GENERAL PROJECTS										
VARIOUS STATIONS	FY87 REQUEST	13,000				1,200	11,800			11,800
ALBUQUERQUE,NM	SUPPLY SERVICE WAREHOUSE	1,764	104	1,569	43	49		92	49	
ALLEN PARK,MI	CONVERT LAUNDRY TO ADMIN SPACE	1,099	1,099		0					
ALLEN PARK,MI	RENOVATE CANTEEN KITCHEN	680		52	557	16	55	628	71	55
ALTOONA,PA	WAREHOUSE BLDG.	990		21	46	784	139	969	923	139
AMERICAN LAKE,WA	RENOVATE WARDS B-5 INCLUDING SEISMIC	1,594	1,595	3	-4			63		
ASHEVILLE(OTEEN),NC	DIETETIC RENOVATION	36		36	0					
AUGUSTA(LD),GA	MEDICAL GAS AND NURSE CALL SYSTEM	357	357							
BATTLE CREEK,MI	CONNECTING CORRIDORS FROM BLDGS 22 TO BLDG.10							14		
BOISE,ID	CONNECTING CORRIDOR B-27 TO 29	26		26	0	0				
BROOKLYN,NY	RENOVATE CANTEEN	861	834	15	12			12		
BROOKLYN,NY	CENTRALIZED TRAY SERVICE	1,989	100		1,763	40	86	1,889	126	86
BROOKLYN,NY	TELEPHONE SYS REPL SITE PREPARATION	34			1	32	1		33	1
BUFFALO,NY	REMODEL MAIN KITCHEN	1,900		84	142	1,552	122	1,816	1,674	122
BUTLER,PA	AOV 4 WEST	1,153	75	3	1,016	25	35	1,075	60	35
CHICAGO(LAKESIDE),IL	PATIENT TRANSPORT CORR.	1,800		76	1,455	40	229	1,724	269	229
CHICAGO(LAKESIDE),IL	MODERNIZE PATIENT WARD 11TH FLOOR	1,390	110		51	1,093	137	1,280	1,230	137
CHICAGO(LAKESIDE),IL	MOD PATIENT WARDS 12TH FLOOR	1,200			83	956	162	1,200	1,118	162
CHICAGO(WS),IL	RENOVATE PSYCHATRIC WARD AREAS	1,616	1,542	31	43			43		
CHILLICOTHE,OH	SEWAGE PLANT	24			1	22	1	24	23	1
CHILLICOTHE,OH	WATER WELL SYSTEM	800	1	77	66	628	29	722	656	29
CINCINNATI(CD),OH	REMODEL 7TH FLOOR PSYCHIATRIC WARD	990	937	35	18			18		
CINCINNATI(CD),OH	RENOVATE 8TH FLOOR PSYCH	1,991		49	1,666	73	203	1,051	276	203
CLARKSBURG,WV	WARD RENOVATION 3A	1,469	105		1,324	6	33	1,364	39	33
CLARKSBURG,WV	WARD RENOVATION (4A)	760		54	48	600	59	706	658	59
CLEVELAND(WADE PARK),OH	CONVERT WARD 33 TO PSYCH	534	533	1	0					
CLEVELAND(WADE PARK),OH	NHCU RENOVATION B-6	35		30	0	5		5	5	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (H)-GENERAL PROJECTS									
CLEVELAND,OH	LIBRARY ADDITION	1,620				1,620	1,620		
COATESVILLE,PA	WAREHOUSE ANNEX	1,300	1,300				1,300		
DALLAS,TX	RENOVATE BLDG.NO.2 PATIENT PRIVACY	1,900	1,900				1,900		
DALLAS,TX	EXPAND LAUNDRY FOR NHCU	38			38		38		
DALLAS,TX	DONVERT HVAC SYS TO VAV	22			22		22		
DAYTON,OH	RENOVATE 2ND AND 3RD FLOOR FOR NHC B-40	38			38		38		
DUBLIN,GA	RENOVATE BLDG.NO.19 FOR PAT.PRIVACY	1,350	1,396			-46	1,350		
DUBLIN,GA	RENOVATE WARDS B-17	1,380	1,380				1,380		
DUBLIN,GA	PATIENT PRIVACY B-13;	1,840			1,840		1,840		
EAST ORANGE,NJ	TELEPHONE SWITCH BOARD	900			900		900		
FORT HARRISON,MT	RENOVATE DIETETICS	26			26		26		
FORT HARRISON,MT	SUPPLY WAREHOUSE	13			13		13		
FORT HOWARD,MD	MULTIPURPOSE BLDG.	2,000	2,000				2,000		
FORT HOWARD,MD	RENOVATE 1ST AND 2ND FLOOR B-61	27			27		27		
FORT LYON,CO	MOD TO SEWAGE TREATMENT PLANT	1,183	1,183				1,183		
FORT LYON,CO	PATIENT PRIVVACY 4B	11			11		11		
FORT LYON,CO	37-BED NHCU	1,100			1,100		1,100		
FRESNO,CA	CONSTRUCT NEW WAREHOUSE	1,100	1,100				1,100		
HAMPTON,VA	REMODEL AND A/C DINING ROOM	1,163	1,163				1,163		
HAMPTON,VA	TELEPHONE SYSTEM REPL	1,000			1,000		1,000		
HOT SPRINGS,SD	RENOVATE EAST WING B-12 GROUND AND 1ST FLOOR	34			34		34		
HOT SPRINGS,SD	DIETETICS RENOVATION	1,000			1,000		1,000		
HOT SPRINGS,SD	WASTE WATER TREATMENT PLANT	835	834		1		835		
IOWA CITY,IA	MODULAR ADMIN OFFICE BLDG	1,469	1,469				1,469		
JACKSON,MS	CONSTRUCT ADMIN OFFICE SPACE EXPAND LAB	1,511	1,573		-62		1,511		
JACKSON,MS	CONSTRUCT WAREHOUSE	1,800	1,800				1,800		
JACKSON,MS	RENOVATE WAREHOUSE AND CANTEEN	900	900				900		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (H)-GENERAL PROJECTS										
CLEVELAND,OH	LIBRARY ADDITION	1,620			21	1,525	74		1,599	74
COATESVILLE,PA	WAREHOUSE ANNEX	1,300		55	108	1,001	136	1,245	1,137	136
DALLAS,TX	RENOVATE BLDG.NO.2 PATIENT PRIVACY	1,900	1,186	386	327			327		
DALLAS,TX	EXPAND LAUNDRY FOR NHCU	38		25	1	12		13	12	
DALLAS,TX	DONVERT HVAC SYS TO VAV	22		22	0	0				
DAYTON,OH	RENOVATE 2ND AND 3RD FLOOR FOR NHC B-40	38			1	35	3	38	37	3
DUBLIN,GA	RENOVATE BLDG.NO.19 FOR PAT.PRIVACY	1,350	1,350	0				46		
DUBLIN,GA	RENOVATE WARDS B-17	1,380	1,268	81	15	15	1	32	16	1
DUBLIN,GA	PATIENT PRIVACY B-13;	1,840			158	1,566	116	1,840	1,682	116
EAST ORANGE,NJ	TELEPHONE SWITCH BOARD	900			41	713	146	900	859	146
FORT HARRISON,MT	RENOVATE DIETETICS	26		22	0	4		4	4	
FORT HARRISON,MT	SUPPLY WAREHOUSE	13		10	0	3		3	3	
FORT HOWARD,MD	MULTIPURPOSE BLDG.	2,000	53		72	1,577	298	1,947	1,875	298
FORT HOWARD,MD	RENOVATE 1ST AND 2ND FLOOR B-61	27		27						
FORT LYON,CO	MOD TO SEWAGE TREATMENT PLANT	1,183	951	232						
FORT LYON,CO	PATIENT PRIVVACY 4B	11			1	10	0	11	10	
FORT LYON,CO	37-BED NHCU	1,100			22	1,029	49	1,100	1,078	50
FRESNO,CA	CONSTRUCT NEW WAREHOUSE	1,100	85		40	867	109	1,015	976	109
HAMPTON,VA	REMODEL AND A/C DINING ROOM	1,163	1,101	9	53			53		
HAMPTON,VA	TELEPHONE SYSTEM REPL	1,000			10	900	90	1,000	990	90
HOT SPRINGS,SD	RENOVATE EAST WING B-12 GROUND AND LST FLOOR	34		34	0	0				
HOT SPRINGS,SD	DIETETICS RENOVATION	1,000		61	71	812	56	939	868	56
HOT SPRINGS,SD	WASTE WATER TREATMENT PLANT	835	835							
IOWA CITY,IA	MODULAR ADMIN OFFICE BLDG	1,469	1,450	18	1	0		1		
JACKSON,MS	CONSTRUCT ADMIN OFFICE SPACE EXPAND LAB	1,511	1,511		0					
JACKSON,MS	CONSTRUCT WAREHOUSE	1,800	1,704	29	66			66		
JACKSON,MS	RENOVATE WAREHOUSE AND CANTEEN	900		14	42	733	112	886	845	112

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (M)-GENERAL PROJECTS									
KNOXVILLE,IA	CONNECTING CORRIDORS	180			180		180		
LEAVENWORTH,KS	UNDERGROUND WALKWAY BLDG. 90 TO 71	760			760		760		
LEXINGTON(LD),KY	RENOVATE 3RD FLOOR B-1	1,088	1,235		-147		1,088		
LEXINGTON(LD),KY	RENOVATE 2ND FLOOR B-1	1,709	1,709				1,709		
LITTLE ROCK,AR	NEW WAREHOUSE	1,643	1,669			-26	1,643		
LITTLE ROCK,AR	OFF SITE IMPROVEMENTS	730			730		730		
LYONS,NJ	REPLACE SEWAGE TREATMENT PLANT	1,934	1,934				1,934		
MANCHESTER,NH	CL UPGRADE AND WAREHOUS	25			25		25		
MARION,IL	EXPAND MEDICAL SUPPORT	1,379	1,500		-110	-11	1,379		
MARION,IL	EXPAND DIETITIC/SPD MEDICAL SUPPORT	39			39		39		
MARION,IN	RENOVATION B-122 TRAY SVC	28			28		28		
MARION,IN	PHONE SYSTEM MODERNIZATION	1,276			900	376	1,276		
MARION,IN	ADDITION TO LAUNDRY	1,213			1,213		1,213		
MARTINEZ,CA	2ND AND 3RD FIRST EDUCATION/ADMIN BLDG.	2,000	2,000				2,000		
MEMPHIS,TN	LAND ACQUISISION	1,894	2,000		-106		1,894		
MEMPHIS,TN	DEVELOP ACQUIRED LAND	950			950		950		
MIAMI,FL	ELEVATED PARKING STRUCTURED	40			40		40		
MIAMI,FL	TELEPHONE EQUIPMENT ROOM	704	704				704		
MILES CITY,MT	REMODEL WARD 4	1,500	1,500				1,500		
MILWAUKEE,WI	DEMOLISH OLD BOILER	20			20		20		
MILWAUKEE,WI	TELEPHONE SYSTEM REPL SITE PREP.	22			22		22		
MONTROSE,NY	PATIENT PRIVACY B-4	26			26		26		
MONTROSE,NY	PATIENT PRIVACY BLDGS.	36			36		36		
NEW ORLEANS,LA	RENOVATE KITCHEN	1,494	1,400		94		1,494		
NEW ORLEANS,LA	REMODEL PATIENT ROOMS 3RD FLOOR	489	600		-111		489		
NEW ORLEANS,LA	RENOVATE PATIENT ROOMS	40			40		40		
NORTHAMPTON,MA	COVERED WALKWAYS	2,131	2,148		-17		2,131		
OKLAHOMA CITY,OK	RENOVATE 3 WARDS PH 1	1,999			1,999		1,999		
OKLAHOMA CITY,OK	ADDITIONAL PARKING LOT	611	645		-34		611		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (H)-GENERAL PROJECTS										
KNOXVILLE,IA	CONNECTING CORRIDORS	180			6	162	12	180	174	12
LEAVENWORTH,KS	UNDERGROUND WALKWAY BLDG. 90 TO 71	760		726	5	21	7	34	28	7
LEXINGTON(LD),KY	RENOVATE 3RD FLOOR B-1	1,088	93	953	17	25		41	25	
LEXINGTON(LD),KY	RENOVATE 2ND FLOOR B-1	1,709		109	1,414	39	147	1,600	187	147
LITTLE ROCK,AR	NEW WAREHOUSE	1,643	1,644	-1				26		
LITTLE ROCK,AR	OFF SITE IMPROVEMENTS	730		730						
LYONS,NJ	REPLACE SEWAGE TREATMENT PLANT	1,934	1,822	4	108			108		
MANCHESTER,NH	CL UPGRADE AND WAREHOUS	25		25						
MARION,IL	EXPAND MEDICAL SUPPORT	1,379	109		1,073	124	72	1,281	197	72
MARION,IL	EXPAND DIETITIC/SPD MEDICAL SUPPORT	39		27	1	11		12	11	
MARION,IN	RENOVATION B-122 TRAY SVC	28		28						
MARION,IN	PHONE SYSTEM MODERNIZATION	1,276		61	1,062	56	96	839	153	96
MARION,IN	ADDITION TO LAUNDRY	1,213		97	1,109	2	5	1,116	7	5
MARTINEZ,CA	2ND AND 3RD FIRST EDUCATION/ADMIN BLDG.	2,000	135	13	1,573	117	161	1,852	279	161
MEMPHIS,TN	LAND ACQUISISION	1,894	1,894							
MEMPHIS,TN	DEVELOP ACQUIRED LAND	950			16	849	85	950	934	86
MIAMI,FL	ELEVATED PARKING STRUCTURED	40		25	1	14		15	14	
MIAMI,FL	TELEPHONE EQUIPMENT ROOM	704	683	20	1	0		1		
MILES CITY,MT	REMODEL WARD 4	1,500			23	1,268	209	1,500	1,477	209
MILWAUKEE,WI	DEMOLISH OLD BOILER	20		20	0	0				
MILWAUKEE,WI	TELEPHONE SYSTEM REPL SITE PREP.	22			0	20	2	22	22	2
MONTROSE,NY	PATIENT PRIVACY B-4	26		26						
MONTROSE,NY	PATIENT PRIVACY BLDGS.	36		35	0	1		1	1	
NEW ORLEANS,LA	RENOVATE KITCHEN	1,494	98	35	204	817	340	1,361	1,157	340
NEW ORLEANS,LA	REMODEL PATIENT ROOMS 3RD FLOOR	489		159	330			330		
NEW ORLEANS,LA	RENOVATE PATIENT ROOMS	40		38	0	2		2	2	
NORTHAMPTON,MA	COVERED WALKWAYS	2,131	1,983	-18	80	87		166	87	
OKLAHOMA CITY,OK	RENOVATE 3 WARDS PH 1	1,999		130	141	1,524	204	1,869	1,728	204
OKLAHOMA CITY,OK	ADDITIONAL PARKING LOT	611	645	-34						

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (M)-GENERAL PROJECTS									
OKLAHOMA CITY,OK	WARD RENOVATION PH2	32			32		32		
PHILADELPHIA,PA	MODERNIZE WARD 5W	25			25		25		
PITTSBURGH(AD),PA	RENOVATE B-5 FOR NHCU	[illegible]			29		29		
PITTSBURGH(HD),PA	CANTEEN RENOVATION	2,158	2,183		-25		2,158		
PITTSBURGH(HD),PA	CENTRALIZED WAREHOUSE	1,701	1,665		36		1,701		
PORTLAND,OR	BOILER PLANT REPLACEMENT	1,529	1,529				1,529		
SALISBURY,NC	RENOVATE WARD AREAS PATIENT PRIVACY	1,724	1,724				1,724		
SALT LAKE CITY,UT	RENOVATE WARD 4A	1,012	1,012				1,012		
SALT LAKE CITY,UT	REMODEL BLDG.NO.3 PH I	559			559		559		
SIOUX FALLS,SD	CONSTRUCT WAREHOUSE AND OFFICES	1,131	1,200		-69		1,131		
SPOKANE,WA	SUPPLY STORAGE BLDG.	750			750		750		
ST CLOUD,MN	CANTEEN RENOVATION	1,001	1,030		-29		1,001		
ST CLOUD,MN	RENOVATE FOR PATIENT PRIVACY B-49	1,826	1,800		26		1,826		
ST CLOUD,MN	RENOVATE FOR PATIENT PRIVACY B-50	1,200			1,200		1,200		
ST CLOUD,MN	RENOVATE B-51 PATIENT PRIVACY PH I	30			30		30		
ST.LOUIS(JB),MO	16-BED PAT PRIV.WDS B-50	821	724		97		821		
ST.LOUIS(JB),MO	REMODEL 1ST FLOOR CENTER	1,459	1,500		-41		1,459		
ST.LOUIS(JCD),MO	RENOVATE WARD 7 SOUTH	726	743			-17	726		
ST.LOUIS(JCD),MO	RENOVATE WARD 6N B-1	1,233	540		693		1,233		
ST.LOUIS(JCD),MO	REMODEL WARD 7B	21			21		21		
ST.LOUIS(JCD),MO	RENOVATE WARD 5N B-1	1,265			1,265		1,265		
ST.LOUIS(VAM),MO	ENERGY RECOVERY SYS	38			38		38		
SYRACUSE,NY	CONSTRUCT NHCU	30			30		30		
TEMPLE,TX	DIETETIC EXPANSION	1,103	1,183		-88	8	1,103		
TOMAH,WI	REMODEL DIETETIC B-424	1,305	1,286		19		1,305		
TUCSON,AZ	RENOVATE FIRST FLOOR B-3 DIETETICS	26			18	8	26		
TUSCALOOSA,AL	RENOVATE DIETETICS	1,532	1,560		-28		1,532		
TUSKEGEE,AL	NURSE CALL RADIO SYS	636	608		28		636		
VA CENTRAL OFFICE	RELOCATE MONUEMENT AND CEMETERY SVC TO MCPHERSON	187	186		1		187		
WACO,TX	TELEPHONE SYSTEM REPL.	1,100			1,100		1,100		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (H)-GENERAL PROJECTS										
OKLAHOMA CITY,OK	WARD RENOVATION PH2	32		31	0	1		1	1	
PHILADELPHIA,PA	MODERNIZE WARD 5W	25		15	1	9		10	9	
PITTSBURGH(AD),PA	RENOVATE B-5 FOR NHCU	29			2	26	1	29	27	1
PITTSBURGH(HD),PA	CANTEEN RENOVATION	2,158	2,157	1	0					
PITTSBURGH(HD),PA	CENTRALIZED WAREHOUSE	1,701	1,648	45	5	3		7	3	
PORTLAND,OR	BOILER PLANT REPLACEMENT	1,529	1,473	27	29			29		
SALISBURY,NC	RENOVATE WARD AREAS PATIENT PRIVACY	1,724	1,704	11	9			9		
SALT LAKE CITY,UT	RENOVATE WARD 4A	1,012	1,010		2			2		
SALT LAKE CITY,UT	REMODEL BLDG.NO.3 PH I	559	30	7	433	33	56	522	89	56
SIOUX FALLS,SD	CONSTRUCT WAREHOUSE AND OFFICES	1,131	80	1	1,029	5	17	1,051	22	17
SPOKANE,WA	SUPPLY STORAGE BLDG.	750	46	22	641	11	30	682	41	30
ST CLOUD,MN	CANTEEN RENOVATION	1,001	1,000	1	0					
ST CLOUD,MN	RENOVATE FOR PATIENT PRIVACY B-49	1,826	97	1,591	37	101		138	101	
ST CLOUD,MN	RENOVATE FOR PATIENT PRIVACY B-50	1,200		83	90	916	111	1,117	1,027	111
ST CLOUD,MN	RENOVATE B-51 PATIENT PRIVACY PH I	30		29	0	1		1	1	
ST.LOUIS(JB),MO	16-BED PAT PRIV.WDS B-50	821	58	727	11	25		36	25	
ST.LOUIS(JB),MO	REMODEL 1ST FLOOR CENTER	1,459		112	75	1,169	103	1,347	1,272	103
ST.LOUIS(JCD),MO	RENOVATE WARD 7 SOUTH	726	716	10				17		
ST.LOUIS(JCD),MO	RENOVATE WARD 6N B-1	1,233	17	82	1,054	9	72	1,134	81	72
ST.LOUIS(JCD),MO	REMODEL WARD 7B	21		17	0	4		4	4	
ST.LOUIS(JCD),MO	RENOVATE WARD 5N B-1	1,265		19	63	997	186	1,246	1,183	186
ST.LOUIS(VAH),MO	ENERGY RECOVERY SYS	38		37	0	1		1	1	
SYRACUSE,NY	CONSTRUCT NHCU	30			1	27	2	30	29	2
TEMPLE,TX	DIETETIC EXPANSION	1,103	81	950	12	48	12	63	59	12
TOMAH,WI	REMODEL DIETETIC B-424	1,305	1,283	22	0	0				
TUCSON,AZ	RENOVATE FIRST FLOOR B-3 DIETETICS	26			0	24	2	18	26	2
TUSCALOOSA,AL	RENOVATE DIETETICS	1,532	1,536	-4	0	0				
TUSKEGEE,AL	NURSE CALL RADIO SYS	636	579	35	22			22		
VA CENTRAL OFFICE	RELOCATE MONUEMENT AND CEMETERY SVC TO MCPHERSON	187		187						
WACO,TX	TELEPHONE SYSTEM REPL.	1,100		220	77	804		880	804	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (H)-GENERAL PROJECTS									
WASHINGTON, DC	ENCLOSE C ROOF FOR HSDS	1,550	1,930		-380		1,550		
WEST LOS ANGELES, CA	BLDG.300 FLOOR 2N REMODEL	1,600	1,600				1,600		
WILKES-BARRE, PA	KITCHEN REMODEL SECT-A	1,931	2,003		-72		1,931		
WILMINGTON, DE	PATIENT PRIVACY	1,530	1,530				1,530		
WILMINGTON, DE	RENOVATION OF DIETETICS	30			30		30		
VARIOUS STATIONS	FY79 GENERAL PROJECTS		106		-106				
VARIOUS STATIONS	FY81 GENERAL PROJECTS	84	713		-566	-63	84		
VARIOUS STATIONS	FY82 GENERAL PROJECTS		567		-567				
VARIOUS STATIONS	FY83 GENERAL PROJECTS	113	1,216		-977	-126	113		
VARIOUS STATIONS	FY84 GENERAL PROJECTS	691	5,098		-3,802	-605	691		
VARIOUS STATIONS	FY85 GENERAL PROJECTS	4,394	20,840		-14,484	-1,962	4,394		
VARIOUS STATIONS	FY86 GENERAL PROJECTS	17,436		17,436			17,436		
SUBTOTAL (125)		145160	114722	17436	2		132160	13000	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (H)-GENERAL PROJECTS										
WASHINGTON, DC	ENCLOSE C ROOF FOR MSDS	1,550		139	1,257	23	131	1,411	154	131
WEST LOS ANGELES, CA	BLDG.300 FLOOR 2N REMODEL	1,600		32	43	1,442	83	1,568	1,525	83
WILKES-BARRE, PA	KITCHEN REMODEL SECT-A	1,931	1,931		0					
WILMINGTON, DE	PATIENT PRIVACY	1,530	148		38	1,213	131	1,382	1,344	131
WILMINGTON, DE	RENOVATION OF DIETETICS	30			2	27	1	30	28	1
VARIOUS STATIONS	FY79 GENERAL PROJECTS									
VARIOUS STATIONS	FY81 GENERAL PROJECTS	84			6	54	24	147	78	24
VARIOUS STATIONS	FY82 GENERAL PROJECTS									
VARIOUS STATIONS	FY83 GENERAL PROJECTS	113			1	36	76	239	112	76
VARIOUS STATIONS	FY84 GENERAL PROJECTS	691			5	499	187	1,296	686	187
VARIOUS STATIONS	FY85 GENERAL PROJECTS	4,394			31	377	3,986	6,356	4,363	3,986
VARIOUS STATIONS	FY86 GENERAL PROJECTS	17,436			125	1,495	15,817		17,311	15,817
SUBTOTAL (125)		145160	43586	10843	21644	32437	36651	60292	56090	36651

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
HEATING, VENTILATING AND AIR COND									
VARIOUS STATIONS	FY87 REQUEST	2,000						2,000	
BONHAM,TX	CONSTRUCT CENTRAL A/C PLANT	32			32		32		
DAYTON,OH	STEAM SYSTEM TO B-307,310 315 AND 143	43			43		43		
KANSAS CITY,MO	RENOVATE DIETETIC AND HVAC	138			138		138		
MARION,IL	CONRRECT HVAC DEFIC. CANCELLED	22			22		22		
MIAMI,FL	CONVERT TO HVAC SYSTEM	24			24		24		
SPOKANE,WA	ADD HVAC PLANT	34			34		34		
ST.LOUIS(VAH),MO	A/C KITCHEN OF JC & JB	1,200	1,200				1,200		
VARIOUS STATIONS	FY84 PROGRAM BALANCE	300	300				300		
VARIOUS STATIONS	FY85 PROGRAM BALANCE	1,507	1,800		-293		1,507		
VARIOUS STATIONS	FY86 PROGRAM BALANCE	3,000		3,000			3,000		
SUBTOTAL (11)		8300	3300	3000			6300	2000	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
HEATING, VENTILATING AND AIR COND										
VARIOUS STATIONS	FY87 REQUEST	2,000				185	1,815			1,815
BONHAM,TX	CONSTRUCT CENTRAL A/C PLANT	32		32	0	0				
DAYTON,OH	STEAM SYSTEM TO B-307,310 315 AND 143	43		38	0	5		5	5	
KANSAS CITY MO	RENOVATE DIETETIC AND HVAC	138			4	125	9	138	134	9
MARION,IL	CONRRECT HVAC DEFIC. CANCELLED	22	3	18	0	1		1	1	
MIAMI,FL	CONVERT TO HVAC SYSTEM	24			1	20	3	24	23	3
SPOKANE,WA	ADD HVAC PLANT	34		34	0	0				
ST.LOUIS(VAH),MO	A/C KITCHEN OF JC & JB	1,200		78	103	1,004	15	1,122	1,019	15
VARIOUS STATIONS	FY84 PROGRAM BALANCE	300			264	18	18	300	36	18
VARIOUS STATIONS	FY85 PROGRAM BALANCE	1,507			11	129	1,367	1,507	1,496	1,367
VARIOUS STATIONS	FY86 PROGRAM BALANCE	3,000			23	2,437	540		2,977	540
SUBTOTAL (11)		8300	3	201	405	3923	3768	3097	5691	3767

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (J)-SEISMIC IMPROVEMENTS									
ALBUQUERQUE,NM	RENOVATE SE THERMAL AND CONNECT TO CTRAL CHIL B-4	54			54		54		
LIVERMORE,CA	WIDEN BRIDGE AND ENTRANCE ROAD	1,450			1,450		1,450		
LIVERMORE,CA	PEST EARTHQUAKE UTILITY SVC	33			33		33		
LIVERMORE,CA	F & S IMPROV. AND SEISMIC B-64	29			29		29		
SAN DIEGO,CA	EMERGENCY WATER STORAGE	494	500		-6		494		
SAN FRANCISCO,CA	NON-STRUCTURAL SESIMIC	1,800	300		1,500		1,800		
VA CENTRAL OFFICE	SEISMIC EVAULATION STUDIES PH I	650	650				650		
WEST LOS ANGELES(WAD),CA	SEISMIC CORRECTIONS TO BLDG 113	1,096	1,098			-2	1,096		
VARIOUS STATIONS	FY77 PROGRAM BALANCE	38	37			1	38		
VARIOUS STATIONS	FY84 PROGRAM BALANCE	24	1,500		-1,476		24		
VARIOUS STATIONS	FY85 PROGRAM BALANCE	417	2,000		-1,583		417		
VARIOUS STATIONS	FY86 PROGRAM BALANCE	2,000		2,000			2,000		
SUBTOTAL (12)		8085	6085	2000	1	-1	8085		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (J)-SEISMIC IMPROVEMENTS										
ALBUQUERQUE,NM	RENOVATE SE THERMAL AND CONNECT TO CTRAL CHIL B-4	54		53	0	0		1		
LIVERMORE,CA	WIDEN BRIDGE AND ENTRANCE ROAD	1,450		100	97	1,182	71	1,350	1,253	71
LIVERMORE,CA	PEST EARTHQUAKE UTILITY SVC	33			2	30	1	33	31	1
LIVERMORE,CA	F & S IMPROV. AND SEISMIC B-64	29			2	26	1	29	27	1
SAN DIEGO,CA	EMERGENCY WATER STORAGE	494	18	37	24	379	36	439	415	36
SAN FRANCISCO,CA	NON-STRUCTURAL SESIMIC	1,800	8	20	77	1,598	97	1,772	1,695	97
VA CENTRAL OFFICE	SEISMIC EVAULATION STUDIES PH I	650	166	43	439	2	0	441	2	
WEST LOS ANGELES(WAD),CA	SEISMIC CORRECTIONS TO BLDG 113	1,096	1,096					2		
VARIOUS STATIONS	FY77 PROGRAM BALANCE	38			35	2	1	37	3	1
VARIOUS STATIONS	FY84 PROGRAM BALANCE	24			0	19	4	24	24	4
VARIOUS STATIONS	FY85 PROGRAM BALANCE	417			3	339	75	417	414	75
VARIOUS STATIONS	FY86 PROGRAM BALANCE	2,000			14	171	1,814		1,986	1,814
SUBTOTAL (12)		8085	1288	254	695	3749	2100	4545	5850	2100

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
VARIOUS STATIONS	FY87 REQUEST	22,017						22,017	
ALBANY,NY	PRE-ENGINEER METAL BLDG.	296	305		-9		296		
ALBANY,NY	FIRE AND SAFETY IMPROV.	399	399				399		
ALBANY,NY	PATIENT PRIVACY IMPROV.	35	18		-1	18	35		
ALBANY,NY	EXPAND AMB CARE	396	396				396		
ALBANY,NY	SMOKE BARRIERS PARTITIONS	411	411				411		
ALBANY,NY	RENOVATE 6TH FLOOR RES.	349	349				349		
ALBANY,NY	RENOV BLDG-1A, O/P PHARM	391	391				391		
ALBANY,NY	RENOVATE BASEMENT PHARM.	33	33				33		
ALBANY,NY	INSTALL CT SCANNER	288	288				288		
ALBANY,NY	RENOVATE MICROBIOLOGY	33			33		33		
ALBUQUERQUE,NM	DIETETIC RENOVATION RELOCATE FREEZER	172	172				172		
ALBUQUERQUE,NM	NHCU RECREATION SPACE B-3	331	338			-7	331		
ALBUQUERQUE,NM	ADP UNIT SITE PREPARATION	285	286		-1		285		
ALBUQUERQUE,NM	WAREHOUSE EXPANDSION B-15	288	149		139		288		
ALBUQUERQUE,NM	RENOVATE B-5 INCL SEISMIC	31			31		31		
ALEXANDRIA,LA	ADDN EXITS AND CANTEEN	370	370				370		
ALEXANDRIA,LA	INSTALL PRIVACY PARTITIONS B2 AND 7	276	279		-3		276		
ALEXANDRIA,LA	IMPROVE INTERIOR AESEHETICS BLDG. 2,3 & 7	378	378				378		
ALLEN PARK,MI	INSTALL BODY SCANNER	209	209				209		
ALLEN PARK,MI	INSTALL DEMAND CONTROLLERS	336	266		70		336		
ALLEN PARK,MI	CONSTR WARDS MED AREAS	153	153				153		
ALLEN PARK,MI	CONSOLIDATE AND EXPAND NEUROLOGY	187	185		2		187		
ALLEN PARK,MI	CONSOLIDATE EXPAND DERMATOLOGY	109	109				109		
ALLEN PARK,MI	RENOVATE SURGERY LOCKER AND LOUNGE	346	241		105		346		
ALLEN PARK,MI	RENOVATE AMB CARE AREA	293	128		165		293		
ALLEN PARK,MI	UPDATE ANIMAL LAB HVAC	348	259		89		348		
ALTOONA,PA	REPLACE TELEPHONE SYSTEM	359	359				359		
ALTOONA,PA	REMODEL WARD 4	355	355				355		
ALTOONA,PA	REMODEL 7TH FLOOR	31			31		31		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
VARIOUS STATIONS	FY87 REQUEST	22,017				7,030	14,987			14,987
ALBANY,NY	PRE-ENGINEER METAL BLDG.	296	296		0					
ALBANY,NY	FIRE AND SAFETY IMPROV.	399		37	361	1		362	1	
ALBANY,NY	PATIENT PRIVACY IMPROV.	35	17		18					
ALBANY,NY	EXPAND AMB CARE	396	34		350	12		362	12	
ALBANY,NY	SMOKE BARRIERS PARTITIONS	411	29	14	359	6	2	368	8	2
ALBANY,NY	RENOVATE 6TH FLOOR RES.	349	29		310	10		320	10	
ALBANY,NY	RENOV BLDG-1A, O/P PHARM	391	33	2	349	7		356	7	
ALBANY,NY	RENOVATE BASEMENT PHARM.	33		10	23			23		
ALBANY,NY	INSTALL CT SCANNER	288	285		3			3		
ALBANY,NY	RENOVATE MICROBIOLOGY	33		16	17			17		
ALBUQUERQUE,NM	DIETETIC RENOVATION RELOCATE FREEZER	172	139		33			33		
ALBUQUERQUE,NM	NHCU RECREATION SPACE B-3	331	328	3				7		
ALBUQUERQUE,NM	ADP UNIT SITE PREPARATION	285	285	0	0					
ALBUQUERQUE,NM	WAREHOUSE EXPANDSION B-15	288	3	278	7			7		
ALBUQUERQUE,NM	RENOVATE B-5 INCL SEISMIC	31		12	19			19		
ALEXANDRIA,LA	ADDN EXITS AND CANTEEN	370		28	336	6		342	6	
ALEXANDRIA,LA	INSTALL PRIVACY PARTITIONS B2 AND 7	276	277	-1	0					
ALEXANDRIA,LA	IMPROVE INTERIOR AESEMETICS BLDG. 2,3 & 7	378		31	340	7		347	7	
ALLEN PARK,MI	INSTALL BODY SCANNER	209	199	-0	10			10		
ALLEN PARK,MI	INSTALL DEMAND CONTROLLERS	336	8	299	29			29		
ALLEN PARK,MI	CONSTR WARDS MED AREAS	153	152	2						
ALLEN PARK,MI	CONSOLIDATE AND EXPAND NEUROLOGY	187	184	2	1			1		
ALLEN PARK,MI	CONSOLIDATE EXPAND DERMATOLOGY	109		1	102	6		108	6	
ALLEN PARK,MI	RENOVATE SURGERY LOCKER AND LOUNGE	346	1	1	329	15		344	15	
ALLEN PARK,MI	RENOVATE AMB CARE AREA	293		274	19			19		
ALLEN PARK,MI	UPDATE ANIMAL LAB HVAC	348	2	0	346			346		
ALTOONA,PA	REPLACE TELEPHONE SYSTEM	359	352	7	0					
ALTOONA,PA	REMODEL WARD 4	355		29	322	4		326	4	
ALTOONA,PA	REMODEL 7TH FLOOR	31		9	2	20		22	20	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
AMERICAN LAKE,WA	REMODEL OP AND ADMINT. BLDG NO.81 PH II	460	421		39		460		
AMERICAN LAKE,WA	EXTABLISH UNIT DOSE PHARMACY	27			27		27		
ANN ARBOR,MI	PATIENT PRIVACY RENOV.	168	189		-21		168		
ANN ARBOR,MI	LEARNING RESOURCES CENTER 9TH FLOOR	290	296		-6		290		
ANN ARBOR,MI	UPGRADE OPERATING RMS	381	316		70	-5	381		
ANN ARBOR,MI	RENOV GRND FLR, BLDG-1 PATIENT SUPPORT AREAS	300	300				300		
ANN ARBOR,MI	RENOVATE SICU	334	337		-3		334		
ANN ARBOR,MI	PATIENT PRIVACY RENOVATION 4W AND 7N	396	397		-1		396		
ANN ARBOR,MI	RENOVATE 7W PSYCH WARD	310	389		-79		310		
ANN ARBOR,MI	PHYCH WARD RENOVATION	299	368		-69		299		
ANN ARBOR,MI	PSYCH WARD RENOV.8 WEST	22			22		22		
ANN ARBOR,MI	RESEARCH ADMIN MODULE B-22	20			20		20		
ANN ARBOR,MI	CONVERT LAUNDRY TO RESEARCH SPACE	400	399		1		400		
ANN ARBOR,MI	RELOC O/P PSYCH	258	261			-3	258		
ANN ARBOR,MI	RENOVATE AMB CARE PHARM	396	382		14		396		
ANN ARBOR,MI	RADIOLOGY RENOVATION AND EQUIPMENT REPLACEMENT	16			16		16		
ASHEVILLE(OTEEN),NC	CONSTRUCT FILE ROOM	345	345				345		
ASHEVILLE(OTEEN),NC	RENOVATE X-RAY FILE AREA FOR CT SCANNER	176	179		-3		176		
ASHEVILLE(OTEEN),NC	ADP INSTALLATIONS B-47	254	149		62	43	254		
ASHEVILLE(OTEEN),NC	RENOVATE/REPLACE CV LAB	20			20		20		
ATLANTA (DECATUR),GA	ADDITIONAL EMERG POWER	19	23		-4		19		
ATLANTA,GA	FLOOD WALLGATE	242	242				242		
ATLANTA,GA	RENOVATE LAUNDRY FOR LINEN SERVICE	400	400				400		
ATLANTA,GA	NEW AMINAL ROOMS	18	18				18		
ATLANTA,GA	REHAB R/D TEMP BLDG.	396			396		396		
ATLANTA,GA	CARDIAC CATH LAB	333	260		44	29	333		
AUGUSTA(LD),GA	RENOV BLDG-20, 2ND FLR, (SWS, FISCAL, NURSING)	386	386				386		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	OBLIGATIONS: ACTUAL: THRU 1984	OBLIGATIONS: ACTUAL: FOR 1985	OBLIGATIONS: ESTIMATED: FOR 1986	OBLIGATIONS: ESTIMATED: FOR 1987	OBLIGATIONS: ESTIMATED: FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR: 1985	UNOBLIGATED APPROPRIATION END OF YEAR: 1986	UNOBLIGATED APPROPRIATION END OF YEAR: 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
AMERICAN LAKE,WA	REMODEL OP AND ADMINT. BLDG NO.81 PH II	460	33	422	1	4	1	5	4	1
AMERICAN LAKE,WA	EXTABLISH UNIT DOSE PHARMACY	27			2	24	0	27	25	
ANN ARBOR,MI	PATIENT PRIVACY RENOV.	168	168							
ANN ARBOR,MI	LEARNING RESOURCES CENTER 9TH FLOOR	290	280	10	0					
ANN ARBOR,MI	UPGRADE OPERATING RMS	381	305	78	-2			3		
ANN ARBOR,MI	RENOV GRND FLR, BLDG-1 PATIENT SUPPORT AREAS	300	292	4	4			4		
ANN ARBOR,MI	RENOVATE SICU	334	336	-2	0					
ANN ARBOR,MI	PATIENT PRIVACY RENOVATION 4W AND 7N	396	387	8	0					
ANN ARBOR,MI	RENOVATE 7W PSYCH WARD	310	28	272	10			10		
ANN ARBOR,MI	PHYCH WARD RENOVATION	299		290	9			9		
ANN ARBOR,MI	PSYCH WARD RENOV.8 WEST	22		8	14			14		
ANN ARBOR,MI	RESEARCH ADMIN MODULE B-22	20		19	1			1		
ANN ARBOR,MI	CONVERT LAUNDRY TO RESEARCH SPACE	400	399	1						
ANN ARBOR,MI	RELOC O/P PSYCH	258	254	4	0			3		
ANN ARBOR,MI	RENOVATE AMB CARE PHARM	396	372	24	0					
ANN ARBOR,MI	RADIOLOGY RENOVATION AND EQUIPMENT REPLACEMENT	16			1	15		16	15	
ASHEVILLE(OTEEN),NC	CONSTRUCT FILE ROOM	345	343	1	2			2		
ASHEVILLE(OTEEN),NC	RENOVATE X-RAY FILE AREA FOR CT SCANNER	176	173	3						
ASHEVILLE(OTEEN),NC	ADP INSTALLATIONS B-47	254	146	62	37	9		3	9	
ASHEVILLE(OTEEN),NC	RENOVATE/REPLACE CV LAB	20			1	18	1	20	19	1
ATLANTA (DECATUR),GA	ADDITIONAL EMERG POWER	19	23	-4	0					
ATLANTA,GA	FLOOD WALLGATE	242	244	-2						
ATLANTA,GA	RENOVATE LAUNDRY FOR LINEN SERVICE	400	396	-2	6			6		
ATLANTA,GA	NEW AMINAL ROOMS	18	20	-2						
ATLANTA,GA	REHAB R/D TEMP BLDG.	396			22	350	24	396	374	24
ATLANTA,GA	CARDIAC CATH LAB	333		297	30	7		7	7	
AUGUSTA(LD),GA	RENOV BLDG-20, 2ND FLR. (SWS, FISCAL, NURSING)	386	33	14	336	3		339	3	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

OTHER IMPR (K)-MISC PROJ $100-$500,000

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN '86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
AUGUSTA(LD),GA	INSTALL CHILL WATER LINES	168	341		-173		168		
AUGUSTA(LD),GA	INCREASE CHILLER CAPACITY B-79	311	235		76		311		
AUGUSTA(LD),GA	INSTALL PPU	134	13		121		134		
AUGUSTA(LD),GA	VF/VAV RETROFIT	38	33		5		38		
AUGUSTA,GA	VENTALATION SYSTEM LAB	17			12	5	17		
AUGUSTA,GA	TRASH STERILIZERS	26			26		26		
AUGUSTA,GA	FIRE AND SAFETY DEVICES	32			32		32		
AUGUSTA,GA	VF/VAV A/C RETROFIT PH 2	32			30	2	32		
BALTIMORE,MD	SMALL ANIMAL FACILITY	393	393				393		
BALTIMORE,MD	CT SCANNER	400	400				400		
BALTIMORE,MD	RENOVATE LAB AREA	14	33		-19		14		
BALTIMORE,MD	RENOVATE OR	300	300				300		
BALTIMORE,MD	RENOVATE CANTEEN	31			31		31		
BALTIMORE,MD	ADMINISTRATION BLDG.	32			32		32		
BALTIMORE,MD	RESEARCH LAB	32			32		32		
BATAVIA,NY	O/P AND MAS AREA	32			32		32		
BATH,NY	CL IMPROVEMENTS	206	206				206		
BATH,NY	RENOVATE B-41	34	34				34		
BATH,NY	REPLACE FIRE ALARM SYS	34	34				34		
BATH,NY	RELOCATE UTILITIES B-29	18			13	5	18		
BATTLE CREEK,MI	RELOCATE MORGUE TO B-7	187	176		11		187		
BATTLE CREEK,MI	WATER DISTR ALTN FOR FIRE FIGHTING	110	112			-2	110		
BATTLE CREEK,MI	SAFETY AND FIRE DEFIC.	92	99		-7		92		
BATTLE CREEK,MI	HVAC PATIENT DINNING ROOM 5 AND RADIOLOGY	210	211			-1	210		
BATTLE CREEK,MI	CANTEEN ADDITION	393	23		370		393		
BATTLE CREEK,MI	DAY TREATMENT CENTER B-24	189	173		12	4	189		
BATTLE CREEK,MI	SITE PREPARATION FOR ADP	188	163		25		188		
BATTLE CREEK,MI	ELEVATOR CORR BETWEEN BLDG. 2 AND 5	20			20		20		
BATTLE CREEK,MI	EASEMENT ROADWAY MED CTR TO B-145	14			14		14		
BAY PINES,FL	IMPROVE EXTERIOR RECREATION FACILITY	24			24		24		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
AUGUSTA(LD),GA	INSTALL CHILL WATER LINES	168	25	134	9			9		
AUGUSTA(LD),GA	INCREASE CHILLER CAPACITY B-79	311	29	274	8			8		
AUGUSTA(LD),GA	INSTALL PPU	134	3	128	3-	0		4		
AUGUSTA(LD),GA	VF/VAV RETROFIT	38	9	29	0					
AUGUSTA,GA	VENTALATION SYSTEM LAB	17		7	1	10		5	10	
AUGUSTA,GA	TRASH STERILIZERS	26		5	1	20		21	20	
AUGUSTA,GA	FIRE AND SAFETY DEVICES	32			1	29	2	32	31	2
AUGUSTA,GA	VF/VAV A/C RETROFIT PH 2	32		7	1	24		23	24	
BALTIMORE,MD	SMALL ANIMAL FACILITY	393	4	34	342	14		355	14	
BALTIMORE,MD	CT SCANNER	400	393	7	0					
BALTIMORE,MD	RENOVATE LAB AREA	14		14	0	0				
BALTIMORE,MD	RENOVATE OR	300		26	273	2		275	2	
BALTIMORE,MD	RENOVATE CANTEEN	31			1	30		31	30	
BALTIMORE,MD	ADMINISTRATION BLDG.	32			2	30		32	30	
BALTIMORE,MD	RESEARCH LAB	32			1	30	1	32	31	1
BATAVIA,NY	O/P AND MAS AREA	32		9	23			23		
BATH,NY	CL IMPROVEMENTS	206	29	175	3			3		
BATH,NY	RENOVATE B-41	34	34							
BATH,NY	REPLACE FIRE ALARM SYS	34		32	2			2		
BATH,NY	RELOCATE UTILITIES B-29	18		4	14			10		
BATTLE CREEK,MI	RELOCATE MORGUE TO B-7	187	12	172	3			3		
BATTLE CREEK,MI	WATER DISTR ALTN FOR FIRE FIGHTING	110	109	1				2		
BATTLE CREEK,MI	SAFETY AND FIRE DEFIC.	92	91	1	0					
BATTLE CREEK,MI	HVAC PATIENT DINNING ROOM 5 AND RADIOLOGY	210	205	5	0			1		
BATTLE CREEK,MI	CANTEEN ADDITION	393		13	364	15		380	15	
BATTLE CREEK,MI	DAY TREATMENT CENTER B-24	189		175	14			10		
BATTLE CREEK,MI	SITE PREPARATION FOR ADP	188	163	25	1			1		
BATTLE CREEK,MI	ELEVATOR CORR BETWEEN BLDG. 2 AND 5	20			1	19		20	19	
BATTLE CREEK,MI	EASEMENT ROADWAY MED CTR TO B-145	14			13	1		14	1	
BAY PINES,FL	IMPROVE EXTERIOR RECREATION FACILITY	24		2	2	20		22	20	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

OTHER IMPR (K)-MISC PROJ $100-$500,000

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
BAY PINES,FL	ADDL TRAM PATH & DOCKS	186	185		1		186		
BAY PINES,FL	REPLACE HVAC B-2	35	35				35		
BAY PINES,FL	ADDN ELEVATORS B-2	294	294				294		
BAY PINES,FL	INSTALL CAT SCANNER B-100	22			22		22		
BECKLEY,WV	LIFE SAFETY CODE PH-7	233	237		-4		233		
BEDFORD,MA	EXPAND CLINICAL LAB B-2	346	347		-1		346		
BEDFORD,MA	PATIENT PRIVACY SAFETY WD 2A	398	399		-1		398		
BEDFORD,MA	PATIENT PRIVACY WARD 2B	377	378		-1		377		
BEDFORD,MA	RENOVATE AND EXPAND ICU	383	383				383		
BEDFORD,MA	CONVERT THEATRE TO MULTI OFFICE USE	43	33		10		43		
BEDFORD,MA	MODIFY LAUNDRY B-19	33			33		33		
BEDFORD,MA	ADP PHASE II	369			369		369		
BIG SPRING,TX	CENTRAL OXYGEN/VACCUUM SYSTEM	248	250		-2		248		
BIG SPRING,TX	EXPAND FIRE SPRINKLER SYS	338	298		40		338		
BIG SPRING,TX	WAREHOUSE IMPROVEMENTS	359	360		-1		359		
BIG SPRING,TX	REMODEL RADIOLOGY	29			29		29		
BILOXI(BD),MS	UPDATE FIRE ALARMS VARIOUS BLDGS.	19			19		19		
BIRMINGHAM,AL	RENOVATE RESEARCH LABS	157	160		-3		157		
BIRMINGHAM,AL	INSTALL AUTOMATIC SPRNKL SYS IN RES BLDG.	400	232		168		400		
BOISE,ID	REMODEL 2ND FLOOR B-8	408	230		178		408		
BOISE,ID	RELOCATE MEDICAL SERVICE OFFICE	294	293		1		294		
BOISE,ID	REMODEL RESEARCH AREA	520	445		75		520		
BOISE,ID	CT SCANNER ROOM	26			19	7	26		
BONHAM,TX	CONVERT NFPA CODE DEFIC.	34	34				34		
BONHAM,TX	EXPAND EQUIPMENT STORAGE B-20	232	232				232		
BONHAM,TX	ADP SITE PREPARATION	208	137			71	208		
BONHAM,TX	EXPAND WAREHOUSE	33			33		33		
BONHAM,TX	RENOVATE WARD AREA B-1	32			32		32		
BOSTON,MA	STROKE UNIT	435	435				435		
BOSTON,MA	RECOVERY ROOM EXPANSION AND RENOVATION	460	348		55	57	460		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
BAY PINES,FL	ADDL TRAM PATH & DOCKS	186	22	164						
BAY PINES,FL	REPLACE HVAC B-2	35		35	0					
BAY PINES,FL	ADDN ELEVATORS B-2	294		25	259	10		269	10	
BAY PINES,FL	INSTALL CAT SCANNER B-100	22		22						
BECKLEY,WV	LIFE SAFETY CODE PH-7	233	235	-2						
BEDFORD,MA	EXPAND CLINICAL LAB B-2	346	346		0					
BEDFORD,MA	PATIENT PRIVACY SAFETY WD 2A	398	398							
BEDFORD,MA	PATIENT PRIVACY WARD 2B	377	377							
BEDFORD,MA	RENOVATE AND EXPAND ICU	383	33	19	329	2		332	2	
BEDFORD,MA	CONVERT THEATRE TO MULTI OFFICE USE	43		8	35			35		
BEDFORD,MA	MODIFY LAUNDRY B-19	33		11	22			22		
BEDFORD,MA	ADP PHASE II	369		49	320			320		
BIG SPRING,TX	CENTRAL OXYGEN/VACCUUM SYSTEM	248	249	-1						
BIG SPRING,TX	EXPAND FIRE SPRINKLER SYS	338	290	32	14	2		16	2	
BIG SPRING,TX	WAREHOUSE IMPROVEMENTS	359		348	9	1		11	1	
BIG SPRING,TX	REMODEL RADIOLOGY	29			1	26	2	29	28	2
BILOXI(BD),MS	UPDATE FIRE ALARMS VARIOUS BLDGS.	19		6	1	12		13	12	
BIRMINGHAM,AL	RENOVATE RESEARCH LABS	157	155	2	0					
BIRMINGHAM,AL	INSTALL AUTOMATIC SPRNKL SYS IN RES BLDG.	400		17	377	6		383	6	
BOISE,ID	REMODEL 2ND FLOOR B-8	408	7	389	5	6		12	6	
BOISE,ID	RELOCATE MEDICAL SERVICE OFFICE	294	282	-2	14			14		
BOISE,ID	REMODEL RESEARCH AREA	520	402	90	17	11		28	11	
BOISE,ID	CT SCANNER ROOM	26		4	22			15		
BONHAM,TX	CONVERT NFPA CODE DEFIC.	34		34	0					
BONHAM,TX	EXPAND EQUIPMENT STORAGE B-20	232		20	210	3		212	3	
BONHAM,TX	ADP SITE PREPARATION	208	126	6	76			5		
BONHAM,TX	EXPAND WAREHOUSE	33		6	2	25		27	25	
BONHAM,TX	RENOVATE WARD AREA B-1	32		7	25			25		
BOSTON,MA	STROKE UNIT	435	435		0					
BOSTON,MA	RECOVERY ROOM EXPANSION AND RENOVATION	460	338	59	47	16		6	16	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
BOSTON,MA	INSTALL SPRINKLERS	394	395		-1		394		
BOSTON,MA	RENOVATE WARDS PHASE I	428	379		27	22	428		
BOSTON,MA	RENOVATE DIETETIC KITCHEN	424	424				424		
BOSTON,MA	RENOVATE MORGUE	385	385				385		
BOSTON,MA	RENOV WDS, PH-2 CANCELLED	30	390		-360		30		
BOSTON,MA	RENOVATE ANIMAL HOLDING FACILITY	405	357			48	405		
BOSTON,MA	ADD'L EXITS SUBBASEMENT 3C,3D AND B-1A	34			34		34		
BOSTON,MA	RENOVATE WARD 10B	267	303		-36		267		
BROCKTON(W. ROXBURY),MA	FIRE SPRINKLER HAZARD AREAS B-1	165	165				165		
BROCKTON(W. ROXBURY),MA	ENERGY CONSERVATION B-2	231	231				231		
BROCKTON(W. ROXBURY),MA	PRE-FAB STEEL BLDG.	428	428				428		
BROCKTON(W. ROXBURY),MA	EMERGENCY GENERATOR BLDG.NO.2 B-1	382	382				382		
BROCKTON(W. ROXBURY),MA	INPATIENT DOSE PHARMACY	419	339		80		419		
BROCKTON(W. ROXBURY),MA	ANIMAL RES ADDN, BLDG-20	38	38				38		
BROCKTON(W. ROXBURY),MA	CONSTR ELEVATOR B-1	20			20		20		
BROCKTON(W. ROXBURY),MA	EXPAND RADIOLOGY SERVICE	391	397		-6		391		
BROCKTON,MA	ADP SITE PREPARATION	123	123				123		
BROCKTON,MA	FIRE ALARM SYSTEM ANNEMCIATION	137	17		120		137		
BROCKTON,MA	INSTALL CT SCANNER	14			14		14		
BROCKTON,MA	MOD PATIENT AREAS B-4 2ND FLOOR REOPENED	20	20				20		
BROCKTON,MA	EXPAND SPD	428	428				428		
BROCKTON,MA	CONST TO ELEV, BLDG-3	30	30				30		
BROCKTON,MA	RENOVATE B-3 DENTAL, CANTEEN AND RENOV CANCEL	14	30		-16		14		
BROCKTON,MA	LAUNDRY LOADING DOCK	365	376		-11		365		
BROCKTON,MA	UPGRADE EMERG POWER	301			20	281	301		
BROCKTON,MA	SAN UNIT DOCK AREA B-20	150	212		-62		150		
BROCKTON,MA	ADP SITE PREPARATION	303	303				303		
BROCKTON,MA	ANIMAL RESEARCH FACILITY	401			32	369	401		
BROCKTON,MA	RENOVATE B-46 RESEARCH	302	371		-69		302		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
BOSTON,MA	INSTALL SPRINKLERS	394	395	-1						
BOSTON,MA	RENOVATE WARDS PHASE I	428	33	371	9	14		2	14	
BOSTON,MA	RENOVATE DIETETIC KITCHEN	424	413	1	10			10		
BOSTON,MA	RENOVATE MORGUE	385		11	360	14		374	14	
BOSTON,MA	RENOV WDS, PH-2 CANCELLED	30	30		0					
BOSTON,MA	RENOVATE ANIMAL HOLDING FACILITY	405	33		368	4		324	4	
BOSTON,MA	ADD'L EXITS SUBBASEMENT 3C,3D AND B-1A	34		14	20			20		
BOSTON,MA	RENOVATE WARD 10B	267		259	8			8		
BROCKTON(W. ROXBURY),MA	FIRE SPRINKLER HAZARD AREAS B-1	165	113		52			52		
BROCKTON(W. ROXBURY),MA	ENERGY CONSERVATION B-2	231	225		6			6		
BROCKTON(W. ROXBURY),MA	PRE-FAB STEEL BLDG.	428	30		341	57		398	57	
BROCKTON(W. ROXBURY),MA	EMERGENCY GENERATOR BLDG.NO.2 B-1	382	373		9			9		
BROCKTON(W. ROXBURY),MA	INPATIENT DOSE PHARMACY	419	335	64	21			21		
BROCKTON(W. ROXBURY),MA	ANIMAL RES ADDN, BLDG-20	38	33		5			5		
BROCKTON(W. ROXBURY),MA	CONSTR ELEVATOR B-1	20		20						
BROCKTON(W. ROXBURY),MA	EXPAND RADIOLOGY SERVICE	391	392	-1	0					
BROCKTON,MA	ADP SITE PREPARATION	123	10	3	109	1		110	1	
BROCKTON,MA	FIRE ALARM SYSTEM ANNEMCIATION	137		133	4			4		
BROCKTON,MA	INSTALL CT SCANNER	14		4	1	9		10	9	
BROCKTON,MA	MOD PATIENT AREAS B-4 2ND FLOOR REOPENED	20		20						
BROCKTON,MA	EXPAND SPD	428	391	24	13			13		
BROCKTON,MA	CONST TO ELEV, BLDG-3	30	30	-4	0	3		3	3	
BROCKTON,MA	RENOVATE B-3 DENTAL, CANTEEN AND RENOV CANCEL	14	14							
BROCKTON,MA	LAUNDRY LOADING DOCK	365	365							
BROCKTON,MA	UPGRADE EMERG POWER	301		6	281	14		14	14	
BROCKTON,MA	SAN UNIT DOCK AREA B-20	150		145	5			5		
BROCKTON,MA	ADP SITE PREPARATION	303	220	11	72			72		
BROCKTON,MA	ANIMAL RESEARCH FACILITY	401		7	375	12	6	25	18	6
BROCKTON,MA	RENOVATE B-46 RESEARCH	302		294	5	3		8	3	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN: AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
BROCKTON,MA	RENOVATE EMERGENCY ENTRANCE B-3	158	245		-92	5	158		
BRONX,NY	ADP SITE PREPARATION PHASE II	364	331		33		364		
BRONX,NY	LITHOTRIPTOR INSTALLATOR	298			298		298		
BROOKLYN,NY	RENOVATE GROUND FLOOR B-1		366		-366				
BROOKLYN,NY	ELECTROMAGNETIC DOOR HOLDERS	434	434				434		
BROOKLYN,NY	INSTALL C.T SCANNER 3RD FLOOR B-1	330	335		-5		330		
BROOKLYN,NY	PATIENT PARTITIONS	404	404				404		
BROOKLYN,NY	PATIENT PARTITIONS	279	270		9		279		
BROOKLYN,NY	REPLACE PATIENT TV SYS	393	393				393		
BROOKLYN,NY	REMODEL LAUNDRY DOCK AREA	252	252				252		
BROOKLYN,NY	PATIENT PARTITIONS AND BATH	425	263		162		425		
BROOKLYN,NY	ADP SITE PREPARATION	391	391				391		
BROOKLYN,NY	RENOVATE WARD 11W	33			33		33		
BROOKLYN,NY	ADULT DAY CARE CANTEEN	350	293		57		350		
BROOKLYN,NY	NURSE CALL SYS PH I	357	385		-28		357		
BROOKLYN,NY	ENCLOSURE OF EMERG.GEN	20			20		20		
BROOKLYN,ST.ALBANS,N.Y.	FIRE SPRINKLER	224	224				224		
BROOKLYN,ST.ALBANS,N.Y.	ELECTROMAGNETIC DOOR HOLDERS	417	417				417		
BROOKLYN,ST.ALBANS,N.Y.	TV SYSTEM (PATIENT)	411	411				411		
BROOKLYN,ST.ALBANS,N.Y.	DEMOLISH SVC CORRIDOR	173	166		7		173		
BUFFALO,NY	HEAT RECOVERY SUPPLY EXHAUST UNITS	432	433		-1		432		
BUFFALO,NY	ADDN CCU BEDS WARD 8A	460	382		78		460		
BUFFALO,NY	EDUCATION FACILITY VARIOUS WARDS	30			30		30		
BUFFALO,NY	SUBDIVIE 16-BED WDS, PH-III	354	283		71		354		
BUFFALO,NY	EXTEND MASTER TV ANTENNA SYS (PAT RMS)	15	24		-9		15		
BUFFALO,NY	SNOW REMOVAL EQUIPMENT FACILITY	137			137		137		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

OTHER IMPR (K)-MISC PROJ $100-$500,000

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS: ACTUAL: THRU 1984	OBLIGATIONS: ACTUAL: FOR 1985	OBLIGATIONS: ESTIMATED: FOR 1986	OBLIGATIONS: ESTIMATED: FOR 1987	OBLIGATIONS: ESTIMATED: FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR: 1985	UNOBLIGATED APPROPRIATION END OF YEAR: 1986	UNOBLIGATED APPROPRIATION END OF YEAR: 1987
BROCKTON, MA	RENOVATE EMERGENCY ENTRANCE B-3	158		144	14			9		
BRONX, NY	ADP SITE PREPARATION PHASE II	364	278	53	33			33		
BRONX, NY	LITHOTRIPTOR INSTALLATOR	298		31	267			267		
BROOKLYN, NY	RENOVATE GROUND FLOOR B-1									
BROOKLYN, NY	ELECTROMAGNETIC DOOR HOLDERS	434	429		5			5		
BROOKLYN, NY	INSTALL C.T SCANNER 3RD FLOOR B-1	330	322	8						
BROOKLYN, NY	PATIENT PARTITIONS	404	392		12			12		
BROOKLYN, NY	PATIENT PARTITIONS	279	268	11	0					
BROOKLYN, NY	REPLACE PATIENT TV SYS	393	32		348	13		361	13	
BROOKLYN, NY	REMODEL LAUNDRY DOCK AREA	252	243	7	2			2		
BROOKLYN, NY	PATIENT PARTITIONS AND BATH	425		413	5	8		12	8	
BROOKLYN, NY	ADP SITE PREPARATION	391	235	146	10			10		
BROOKLYN, NY	RENOVATE WARD 11W	33			31	2		33	2	
BROOKLYN, NY	ADULT DAY CARE CANTEEN	350		340	10			10		
BROOKLYN, NY	NURSE CALL SYS PH I	-357		30	327			327		
BROOKLYN, NY	ENCLOSURE OF EMERG.GEN	20			1	19	0	20	19	
BROOKLYN, ST. ALBANS, N.Y.	FIRE SPRINKLER	224	217		7			7		
BROOKLYN, ST. ALBANS, N.Y.	ELECTROMAGNETIC DOOR HOLDERS	417	416		1			1		
BROOKLYN, ST. ALBANS, N.Y.	TV SYSTEM (PATIENT)	411	400		11			11		
BROOKLYN, ST. ALBANS, N.Y.	DEMOLISM SVC CORRIDOR	173	161	9	3			3		
BUFFALO, NY	HEAT RECOVERY SUPPLY EXHAUST UNITS	432	433	-0						
BUFFALO, NY	ADDN CCU BEDS WARD 8A	460	369	87	3			3		
BUFFALO, NY	EDUCATION FACILITY VARIOUS WARDS	30		12	2	17		18	17	
BUFFALO, NY	SUBDIVIE 16-BED WDS, PH-III	354	282	63	9			9		
BUFFALO, NY	EXTEND MASTER TV ANTENNA SYS (PAT RMS)	15	24	-9						
BUFFALO, NY	SNOW REMOVAL EQUIPMENT FACILITY	137		133	3	1		4	1	

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSIDERATION
			APPROPRIATIONS PLAN						
OTHER IMPR (K)-MISC PROJ $100-$500,000									
BUTLER,PA	RENOVATE KITCHEN	389	333		56		389		
BUTLER,PA	RENOVATE CANTEEN FOOD SVC AREA	357	308		49		357		
BUTLER,PA	MODIFY EXITS, BLDG-1,2,3	146	379		-233		146		
BUTLER,PA	SPRINKLER SYS, BLDG-1,2,3	209	217		-8		209		
BUTLER,PA	MENTAL HYGIENE CLINIC	33			33		33		
CANANDAIGUA,NY	INSTALL EMERG GENERATOR	200	200				200		
CANANDAIGUA,NY	RENOVATE BASEMENT FOR CL	236	236				236		
CANANDAIGUA,NY	ADDITION TO LAUNDRY	407	411		-4		407		
CANANDAIGUA,NY	INSTALL ELEVATORS B5	179	184		-5		179		
CANANDAIGUA,NY	TERTIARY SEWAGE TREATMENT PLANT	370	370				370		
CANANDAIGUA,NY	INSTALL BLR ECONOMIZERS & INCINERATOR BLR	378	378				378		
CANANDAIGUA,NY	RENOVATE WARD 3-A	422	430		-8		422		
CANANDAIGUA,NY	SUBDIVIDE FOR PATIENT PRIVACY 3-B	33			33		33		
CANANDAIGUA,NY	RENOVATE FOR PT PRIVACY 6B	320	320				320		
CANANDAIGUA,NY	RELOCATE/UPGRADE DENTAL SERVICE	34			34		34		
CANANDAIGUA,NY	INSTALL SMOKE DETECTORS	33			33		33		
CANANDAIGUA,NY	LAUNDRY COMPLEX RENOVATION	33			33		33		
CASTLE POINT,NY	WAREHOUSE ADDN	376	376				376		
CASTLE POINT,NY	RENOVATE ASBESTOS BOILER AND STEAM TUNNEL	28			28		28		
CHARLESTON,SC	ESSENTIAL HOSPITAL ELECTRICAL SERVICE	367	367				367		
CHARLESTON,SC	PATIENT PRIVACY WARDS 3 AND 4A NORTH	248	254		-6		248		
CHARLESTON,SC	PATIENT PRIVACY WARDS 3 AND 4A SOUTH	248	254		-6		248		
CHARLESTON,SC	ENGINEERING STORAGE BLDG.	28			28		28		
CHARLESTON,SC	INSTALL CT SCANNER	16			16		16		
CHARLESTON,SC	CORE ADP EXPANSION	11			11		11		
CHEYENNE,WY	EXPAND SUPPLY WHSE STORAGE	170	186		-21	5	170		

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
BUTLER,PA	RENOVATE KITCHEN	389	321	62	6			6		
BUTLER,PA	RENOVATE CANTEEN FOOD SVC AREA	357	23	318	16			16		
BUTLER,PA	MODIFY EXITS, BLDG-1,2,3	146	22	120	4			4		
BUTLER,PA	SPRINKLER SYS, BLDG-1,2,3	209	15	194						
BUTLER,PA	MENTAL HYGIENE CLINIC	33			31	2		33	2	
CANANDAIGUA,NY	INSTALL EMERG GENERATOR	200	191		9			9		
CANANDAIGUA,NY	RENOVATE BASEMENT FOR CL	236	230	-12	18			18		
CANANDAIGUA,NY	ADDITION TO LAUNDRY	407	409	-2	0					
CANANDAIGUA,NY	INSTALL ELEVATORS B5	179	181	-2						
CANANDAIGUA,NY	TERTIARY SEWAGE TREATMENT PLANT	370	9	0	345	16		361	16	
CANANDAIGUA,NY	INSTALL BLR ECONOMIZERS & INCINERATOR BLR	378	12		352	14		367	14	
CANANDAIGUA,NY	RENOVATE WARD 3-A	422		395	27			27		
CANANDAIGUA,NY	SUBDIVIDE FOR PATIENT PRIVACY 3-B	33			3	30		33	30	
CANANDAIGUA,NY	RENOVATE FOR PT PRIVACY 6B	320		10	298	13		311	13	
CANANDAIGUA,NY	RELOCATE/UPGRADE DENTAL SERVICE	34			2	31	1	34	32	1
CANANDAIGUA,NY	INSTALL SMOKE DETECTORS	33			2	31		33	31	
CANANDAIGUA,NY	LAUNDRY COMPLEX RENOVATION	33		8	2	23		25	23	
CASTLE POINT,NY	WAREHOUSE ADDN	376	3		350	22		373	22	
CASTLE POINT,NY	RENOVATE ASBESTOS BOILER AND STEAM TUNNEL	28		9	19			19		
CHARLESTON,SC	ESSENTIAL HOSPITAL ELECTRICAL SERVICE	367	357	5	4			4		
CHARLESTON,SC	PATIENT PRIVACY WARDS 3 AND 4A NORTH	248	248							
CHARLESTON,SC	PATIENT PRIVACY WARDS 3 AND 4A SOUTH	248	248		0					
CHARLESTON,SC	ENGINEERING STORAGE BLDG.	28		12	2	14		16	14	
CHARLESTON,SC	INSTALL CT SCANNER	16		5	11			11		
CHARLESTON,SC	CORE ADP EXPANSION	11		3	8			8		
CHEYENNE,WY	EXPAND SUPPLY WHSE STORAGE	170	16	146	7	1		4	1	

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
CHICAGO(LAKESIDE),IL	MODERNIZE PATIENT WARDS 9TH FLOOR	431	431				431		
CHICAGO(LAKESIDE),IL	REMODEL RADIOLOGY FLOOR	186	199		-13		186		
CHICAGO(LAKESIDE),IL	MODERNIZE PATIENT WARD 10	294	294				294		
CHICAGO(LAKESIDE),IL	RELOCATE CCU	443	443				443		
CHICAGO(LAKESIDE),IL	RELOC R & D LABS TO MSB	305	340		-35		305		
CHICAGO(LAKESIDE),IL	REMODEL LAB SPACE (MSB)	366	325		41		366		
CHICAGO(LAKESIDE),IL	EXPAND CANTEEN SEATING 4TH FLOOR	25			25		25		
CHICAGO(LAKESIDE),IL	WARD FIRE AND SMOKE DAMPERS	269	282		-13		269		
CHICAGO(LAKESIDE),IL	RELOCATE DISHMACHINE DINING ROOMS	32			32		32		
CHICAGO(WS),IL	RELOCATE HEMATOLOGY RESEARCH LABS	366	358		5	3	366		
CHICAGO(WS),IL	RELOCATE RESEARCH LAB	414	414				414		
CHICAGO(WS),IL	RENOVATE SPACE 3N CT SCANNER	261	247		13	1	261		
CHICAGO(WS),IL	RENOV. CLINICAL LAB E & W WINGS B-1	34			34		34		
CHILLICOTHE,OH	ROOF INSULATION 25 BLDGS. E-102	193			193		193		
CHILLICOTHE,OH	AUTO ENERGY MGT/SECURITY SYSTEM	25			25		25		
CHILLICOTHE,OH	TELEPHONE RENOVATION	435	412		25	-2	435		
CINCINNATI(CD),OH	TRASH CHUTE	392	370		22		392		
CINCINNATI(CD),OH	EXPAND ANIMAL AREA	411	410		1		411		
CINCINNATI(CD),OH	ADP SITE PREPARATION	270	273			-3	270		
CLARKSBURG,WV	RENOVATE LAUNDRY	367	367				367		
CLARKSBURG,WV	RENOVATE AUDITORIUM	212	195		3	14	212		
CLEVELAND(BRECKSVLE),OH	WAREHOUSE ADDN, BLDG-23	451	396		37	18	451		
CLEVELAND(BRECKSVLE),OH	LAUNDRY ADDITION	235	236			-1	235		
CLEVELAND(WADE PARK),OH	ENERGY CONTROL AND MONITOR SYSTEM	204	204				204		
CLEVELAND,OH	PATIENT PRIVACY FOR 8-16 BED WARDS	33	33				33		
CLEVELAND,OH	PRIMARY 33000 VOLT SVC CANCELLED	4	294		-290		4		

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
CHICAGO(LAKESIDE),IL	MODERNIZE PATIENT WARDS 9TH FLOOR	431	412	19	0	0				
CHICAGO(LAKESIDE),IL	REMODEL RADIOLOGY FLOOR	186		180	4	2		6	2	
CHICAGO(LAKESIDE),IL	MODERNIZE PATIENT WARD 10	294	285		7	2		9	2	
CHICAGO(LAKESIDE),IL	RELOCATE CCU	443	410	9	24			24		
CHICAGO(LAKESIDE),IL	RELOC R & D LABS TO MSB	305	23	274	8			8		
CHICAGO(LAKESIDE),IL	REMODEL LAB SPACE (MSB)	366		356	9	1		10	1	
CHICAGO(LAKESIDE),IL	EXPAND CANTEEN SEATING 4TH FLOOR	25		6	1	18		19	18	
CHICAGO(LAKESIDE),IL	WARD FIRE AND SMOKE DAMPERS	269		261	4	4		8	4	
CHICAGO(LAKESIDE),IL	RELOCATE DISHMACHINE DINING ROOMS	32		15	17			17		
CHICAGO(WS),IL	RELOCATE HEMATOLOGY RESEARCH LABS	366	340	23	3	1			1	
CHICAGO(WS),IL	RELOCATE RESEARCH LAB	414	40	17	314	43		357	43	
CHICAGO(WS),IL	RENOVATE SPACE 3N CT SCANNER	261	234	25	2	0		1		
CHICAGO(WS),IL	RENOV. CLINICAL LAB E & W WINGS B-1	34			1	32	1	34	33	1
CHILLICOTHE,OH	ROOF INSULATION 25 BLDGS. E-102	193		188	3	2		5	2	
CHILLICOTHE,OH	AUTO ENERGY MGT/SECURITY SYSTEM	25		7	18			18		
CHILLICOTHE,OH	TELEPHONE RENOVATION	435	411	25				2		
CINCINNATI(CD),OH	TRASH CHUTE	392	32	350	10			11		
CINCINNATI(CD),OH	EXPAND ANIMAL AREA	411	399	11	1			1		
CINCINNATI(CD),OH	ADP SITE PREPARATION	270	250	21	-1			2		
CLARKSBURG,WV	RENOVATE LAUNDRY	367	37	4	317	9		325	9	
CLARKSBURG,WV	RENOVATE AUDITORIUM	212		193	19			5		
CLEVELAND(BRECKSVLE),OH	WAREHOUSE ADDN, BLDG-23	451	25	404	9	12		4	12	
CLEVELAND(BRECKSVLE),OH	LAUNDRY ADDITION	235	236	-1				1		
CLEVELAND(WADE PARK),OH	ENERGY CONTROL AND MONITOR SYSTEM	204	199	5						
CLEVELAND,OH	PATIENT PRIVACY FOR 8-16 BED WARDS	33		33	0					
CLEVELAND,OH	PRIMARY 33000 VOLT SVC CANCELLED	4		4						

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
COATESVILLE,PA	RELOCATE NEUROLOGY SVC TO B-4	27			27		27		
COATESVILLE,PA	EMERGENCY POWER FOR BLDG.NO.10,11,16&69	247	170		77		247		
COATESVILLE,PA	ADDITIONAL BATHROOMS GERONTOLOGY	30			30		30		
COATESVILLE,PA	EDUCATION OFFICES AND CLASSROOMS	263	267		-13	9	263		
COLUMBIA,MO	TV SECURITY CONTROL SYS & MAGNETIC DOOR LOCKS	177	177				177		
COLUMBIA,MO	CONSTRUCT 5-BED CCU	291	295			-4	291		
COLUMBIA,MO	CONSTR COMPUTER ROOM D-216 SYSTEM	198	198				198		
COLUMBIA,MO	CONSTR CT SCAN ROOM	232	232				232		
COLUMBIA,MO	RELOCATE AUDIOLOGY SVC	16	13		3		16		
COLUMBIA,MO	RELOCATE REHAB MED SVC	356	356				356		
COLUMBIA,SC	REPLACE ENGINEERING STORAGE BLDG.	156	141		15		156		
DALLAS,TX	INSTALL ELEVATOR B-6	18			18		18		
DALLAS,TX	GROUND EQUIPMENT STORAGE BLDG.	263	234		23	6	263		
DALLAS,TX	INSTALL HANDRAILS PATIENT BLDGS.	33			33		33		
DALLAS,TX	INSTALL ELEVATOR B-7	30			30		30		
DANVILLE,IL	INSTALL OXYGEN PATIENTS ROOMS	448	458		-10		448		
DANVILLE,IL	INSTALL WASTE HEAT BOILER	340	340				340		
DANVILLE,IL	RENOVATE LAUNDRY BLDGS.	212	220		-8		212		
DANVILLE,IL	ADP SITE PREPARATION	257	261			-4	257		
DANVILLE,IL	CONVERT PSYCH WARD TO REHAB MED.	33	33				33		
DANVILLE,IL	ESTABLISH 20 MEDICAL BEDS B-103	34			34		34		
DAYTON,OH	FIRE SPRINKLERS B-409	245	248			-3	245		
DAYTON,OH	CONSOL KIT BLDG-300,411	437	393		44		437		
DAYTON,OH	ADP SITE PREPARATION	236	231		5		236		

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
COATESVILLE,PA	RELOCATE NEUROLOGY SVC TO B-4	27		27						
COATESVILLE,PA	EMERGENCY POWER FOR BLDG.NO.10,11,16&69	247	14	226	8			8		
COATESVILLE,PA	ADDITIONAL BATHROOMS GERONTOLOGY	30		30	0	0				
COATESVILLE,PA	EDUCATION OFFICES AND CLASSROOMS	263		246	5	9	3	8	13	3
COLUMBIA,MO	TV SECURITY CONTROL SYS & MAGNETIC DOOR LOCKS	177	15		154	8		162	8	
COLUMBIA,MO	CONSTRUCT 5-BED CCU	291	288	5	-2			2		
COLUMBIA,MO	CONSTR COMPUTER ROOM D-216 SYSTEM	198	195	3	0					
COLUMBIA,MO	CONSTR CT SCAN ROOM	232	226	6	0					
COLUMBIA,MO	RELOCATE AUDIOLOGY SVC	16		16						
COLUMBIA,MO	RELOCATE REHAB MED SVC	356		30	319	7		326	7	
COLUMBIA,SC	REPLACE ENGINEERING STORAGE BLDG.	156	11	144	2			2		
DALLAS,TX	INSTALL ELEVATOR B-6	18		9	9			9		
DALLAS,TX	GROUND EQUIPMENT STORAGE BLDG.	263	9	248	6					
DALLAS,TX	INSTALL HANDRAILS PATIENT BLDGS.	33			1	30	2	33	32	2
DALLAS,TX	INSTALL ELEVATOR B-7	30		5	25			25		
DANVILLE,IL	INSTALL OXYGEN PATIENTS ROOMS	448	449	-1	0					
DANVILLE,IL	INSTALL WASTE HEAT BOILER	340	337	1	2			2		
DANVILLE,IL	RENOVATE LAUNDRY BLDGS.	212	215	-2						
DANVILLE,IL	ADP SITE PREPARATION	257	247	9	0			4		
DANVILLE,IL	CONVERT PSYCH WARD TO REHAB MED.	33		4	29			29		
DANVILLE,IL	ESTABLISH 20 MEDICAL BEDS B-103	34			32	2		34	2	
DAYTON,OH	FIRE SPRINKLERS B-409	245	243	1	0			3		
DAYTON,OH	CONSOL KIT BLDG-300,411	437	35	390	4	8		12	8	
DAYTON,OH	ADP SITE PREPARATION	236	220	16						

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
DAYTON,OH	REPLACE HIGH VOLTAGE ENTR CABLE SYS	11			11		11		
DAYTON,OH	CT SCANNER B-300	399			34	365	399		
DENVER,CO	EXPAND LAUNDRY B-7	447	447				447		
DENVER,CO	HVAC BLDGS. 4 & 5 PATIENT AREAS	235			19	216	235		
DES MOINES,IA	RENOVATE WARD 3A UROL.	390	393		-3		390		
DES MOINES,IA	FIRE AND SAFETY STRUCTURES IMPROV	249	244		5		249		
DES MOINES,IA	ELEVATOR FOR HANDICAPPED ACCESS	200	202		-2		200		
DES MOINES,IA	REMOVE HANDICAPPED BARRIERS	281	364		-83		281		
DES MOINES,IA	REMODEL FOR SPECIAL PROCEDURES	329	310		19		329		
DES MOINES,IA	CT SCANNER ADDN	35			30	5	35		
DUBLIN,GA	PATIENT PRIVACY	296	298		9	-11	296		
DUBLIN,GA	A/C BLDGS. 14 AND 34	269	229		40		269		
DUBLIN,GA	RENOVATE DIETITIC SVC	334	334				334		
DUBLIN,GA	VARIABLE AIR VOLUME ENGINEER CONTROL	235	235				235		
DUBLIN,GA	RELOCATE NUCLEAR MED AND MORGUE	335	142		193		335		
DUBLIN,GA	RENOVATE DOM B-34 (BATH,F&S PH 2) WALKWAY	35			35		35		
DUBLIN,GA	EDUCATION/TRAINING MODS B-32	19			19		19		
DUBLIN,GA	IMPROVE/MOD RECREATION FACILITIES	34			34		34		
DURHAM,NC	RECOVERY RM EXP.RENOVA.	432	434			-2	432		
DURHAM,NC	DENTAL EXPANSION	445	438		7		445		
DURHAM,NC	RENOVATE SICU SUPPORT FACILITY	23	23				23		
DURHAM,NC	ANIMAL HOUSE ADDITION	499	399			100	499		
DURHAM,NC	RENOVATE B-2	416	416				416		
DURHAM,NC	PT AND OT EXPANSION	358	358				358		
EAST ORANGE,NJ	BASEMENT RESEARCH B-7	440	442			-2	440		

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
DAYTON,OH	REPLACE HIGH VOLTAGE ENTR CABLE SYS	11			1	10	0	11	10	
DAYTON,OH	CT SCANNER B-300	399		8	383	8		26	8	
DENVER,CO	EXPAND LAUNDRY B-7	447	441	6						
DENVER,CO	HVAC BLDGS. 4 & 5 PATIENT AREAS	235			11	214	10	19	224	10
DES MOINES,IA	RENOVATE WARD 3A UROL.	390	393	-3						
DES MOINES,IA	FIRE AND SAFETY STRUCTURES IMPROV	249	237	10	1			1		
DES MOINES,IA	ELEVATOR FOR HANDICAPPED ACCESS	200	202	-2	0					
DES MOINES,IA	REMOVE HANDICAPPED BARRIERS	281	25	245	11			11		
DES MOINES,IA	REMODEL FOR SPECIAL PROCEDURES	329	301	8	13	7		20	7	
DES MOINES,IA	CT SCANNER ADDN	35		9	26			21		
DUBLIN,GA	PATIENT PRIVACY	296	287	9	0			11		
DUBLIN,GA	A/C BLDGS. 14 AND 34	269	223	38	8			8		
DUBLIN,GA	RENOVATE DIETITIC SVC	334	332	2						
DUBLIN,GA	VARIABLE AIR VOLUME ENGINEER CONTROL	235	219	1	16			16		
DUBLIN,GA	RELOCATE NUCLEAR MED AND MORGUE	335	6	313	16			16		
DUBLIN,GA	RENOVATE DOM B-34 (BATH,F&S PH 2) WALKWAY	35			1	31	2	35	34	2
DUBLIN,GA	EDUCATION/TRAINING MODS B-32	19			1	17	1	19	18	1
DUBLIN,GA	IMPROVE/MOD RECREATION FACILITIES	34			2	31	2	34	32	2
DURHAM,NC	RECOVERY RM EXP RENOVA.	432	432	-0	0	0		2		
DURHAM,NC	DENTAL EXPANSION	445	435	10	0	0				
DURHAM,NC	RENOVATE SICU SUPPORT FACILITY	23	23		0					
DURHAM,NC	ANIMAL HOUSE ADDITION	499	30	8	453	9		361	9	
DURHAM,NC	RENOVATE B-2	416	414	2						
DURHAM,NC	PT AND OT EXPANSION	358	24		314	20		334	20	
EAST ORANGE,NJ	BASEMENT RESEARCH B-7	440	440					2		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
EAST ORANGE,NJ	INSTALL ELEVATORS FOR HANDICAPPED B-5	250	252		-2		250		
EAST ORANGE,NJ	SPRINKLER PROTECTION VARIOUS BLDGS.	371	362		9		371		
EAST ORANGE,NJ	ADDITIONAL PARKING	395	395				395		
EAST ORANGE,NJ	SECONDARY ELEC DISTR.	34			34		34		
EAST ORANGE,NJ	MODERNIZE DENTAL	29			29		29		
ERIE,PA	CANTEEN CAFETERIA RENOVATION	389	386		3		389		
ERIE,PA	PHARMACY EXPANDSION	153	155		-2		153		
FARGO,ND	LIBRARY EXPANSION	349	349				349		
FARGO,ND	REMODEL ROOM 365 CAT	9			9		9		
FAYETTEVILLE,AR	RELOCATE DENTAL SVC	28	26		2		28		
FAYETTEVILLE,AR	MENTAL HYGIENE CL B-4	124	124				124		
FAYETTEVILLE,AR	EXPAND LAB, B-2	35	359		-324		35		
FAYETTEVILLE,AR	ENERGY CONTROL SYSTEM	18			17	1	18		
FAYETTEVILLE,AR	CONSTRUCT STORAGE BLDG.	255	255				255		
FAYETTEVILLE,AR	EXPAND 3RD FLOOR FOR OFFICES	14			14		14		
FAYETTEVILLE,AR	REPLACE TELEPHONE SYS	250	250				250		
FAYETTEVILLE,AR	NEW ENTRANCE ROAD	11			11		11		
FAYETTEVILLE,NC	TOTAL SPRINKLING B-1	206	207		-1		206		
FAYETTEVILLE,NC	TELEPHONE SYSTEM REPLACE ADP	423	408		15		423		
FAYETTEVILLE,NC	ELECTRICAL DISTR.	46	40			6	46		
FORT HARRISON,MT	REMODEL PATHOLOGY LAB	435	437		-2		435		
FORT HARRISON,MT	REMODEL WD-3S PAT PRIV	25	362		-337		25		
FORT HARRISON,MT	REMODEL WARD 4W	439	439				439		
FORT HARRISON,MT	AIR HANDLING IMPROV.B-154	325	382		-57		325		
FORT HARRISON,MT	PAVE GRAVEL PARKING LOT	3				3	3		
FORT HOWARD,MD	INSTALL STAIRWELL TOWERS	288	288				288		
FORT HOWARD,MD	REPLACE A/C IN CL LAB	31			31		31		
FORT LYON,CO	CONVERT B-508 TO OFFICES	381	32			349	381		
FORT LYON,CO	PATIENT PRIVACY	531	367			164	531		
FORT LYON,CO	PATIENT PRIVACY B-7 WARD B	30	36		-6		30		

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
EAST ORANGE,NJ	INSTALL ELEVATORS FOR HANDICAPPED B-5	250	246	4						
EAST ORANGE,NJ	SPRINKLER PROTECTION VARIOUS BLDGS.;	371	362	9						
EAST ORANGE,NJ	ADDITIONAL PARKING	395	381	8	6			6		
EAST ORANGE,NJ	SECONDARY ELEC DISTR.	34		14	20			20		
EAST ORANGE,NJ	MODERNIZE DENTAL	29		18	1	10		11	10	
ERIE,PA	CANTEEN CAFETERIA RENOVATION	389	372	16	1			1		
ERIE,PA	PHARMACY EXPANDSION	153	153	-0						
FARGO,ND	LIBRARY EXPANSION	349	346	3						
FARGO,ND	REMODEL ROOM 365 CAT	9			8	1		9	1	
FAYETTEVILLE,AR	RELOCATE DENTAL SVC	28		28	0					
FAYETTEVILLE,AR	MENTAL HYGIENE CL B-4	124	124		0					
FAYETTEVILLE,AR	EXPAND LAB. B-2	35	32		3			3		
FAYETTEVILLE,AR	ENERGY CONTROL SYSTEM	18		5	0	13		12	13	
FAYETTEVILLE,AR	CONSTRUCT STORAGE BLDG.	255		22	228	6		233	6	
FAYETTEVILLE,AR	EXPAND 3RD FLOOR FOR OFFICES	14		2	0	12		12	12	
FAYETTEVILLE,AR	REPLACE TELEPHONE SYS	250		19	227	4		231	4	
FAYETTEVILLE,AR	NEW ENTRANCE ROAD	11		1	1	9		10	9	
FAYETTEVILLE,NC	TOTAL SPRINKLING B-1	206	206							
FAYETTEVILLE,NC	TELEPHONE SYSTEM REPLACE ADP	423	368	50	4	1		5	1	
FAYETTEVILLE,NC	ELECTRICAL DISTR.	46		34	12			6		
FORT HARRISON,MT	REMODEL PATHOLOGY LAB	435	435		0					
FORT HARRISON,MT	REMODEL WD-3S PAT PRIV	25	41	-16						
FORT HARRISON,MT	REMODEL WARD 4W	439	427	4	7			7		
FORT HARRISON,MT	AIR HANDLING IMPROV.B-154	325		317	4	4		8	4	
FORT HARRISON,MT	PAVE GRAVEL PARKING LOT	3				3	0		3	
FORT HOWARD,MD	INSTALL STAIRWELL TOWERS	288	287	0	0					
FORT HOWARD,MD	REPLACE A/C IN CL LAB	31		9	2	21		22	21	
FORT LYON,CO	CONVERT B-508 TO OFFICES	381		26	352	3		6	3	
FORT LYON,CO	PATIENT PRIVACY	531	31		489	9	3	336	12	3
FORT LYON,CO	PATIENT PRIVACY B-7 WARD B	30	34	-4	0					

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
FORT LYON,CO	PATIENT PRIVACY 5B NORTH	32	32				32		
FORT LYON,CO	RENOVATE LAUNDRY	33	33				33		
FORT LYON,CO	REPLACE TELECOMMUNICATOR SYSTEM	393				393	393		
FORT MEADE,SD	F&S IMPROV, BLDG-113	127	131			-4	127		
FORT MEADE,SD	RENOVATE WARD 113S	33			33		33		
FORT MEADE,SD	RENOVATE WARD 113N	33	33				33		
FORT MEADE,SD	REMOD BLDG-148D/MED BEDS	381	380		1		381		
FORT MEADE,SD	CONSTR ICU B-148	356	350		1	5	356		
FORT MEADE,SD	LOCKER ROOM ADDN AND RENOVATION	25	25				25		
FORT WAYNE,IN	RENOVATE PATIENT WARDS 3E, 4E AND 4W	313	305		8		313		
FORT WAYNE,IN	RELOCATE RESPIRATORY CARE TO 3W	205	203		2		205		
FORT WAYNE,IN	TELEPHONE SYSTEM	33			17	16	33		
FRESNO,CA	REMODEL CANTEEN	460	460				460		
FRESNO,CA	REMOD NRSG STATIONS, 4E, 4W, 5E	296	296				296		
FRESNO,CA	EXPAND MICROBILOGY INTO OLD HISTROCYSTO AREA	197	252		-45	-10	197		
FRESNO,CA	REMODEL KITCHEN	33	33				33		
FRESNO,CA	TELEPHONE SYSTEM SITE PREPARATION	438	35		403		438		
FRESNO,CA	RENOVATE 16-BED ROOM	351			351		351		
FRESNO,CA	INSTALL CT HEAD SCANNER	131			131		131		
GAINESVILLE,FL	LOAD MGMT SYS AND VARIABLE VOLUME	371	399		-28		371		
GAINESVILLE,FL	PROPOSED SICU, 1ST FLR	355	365		-10		355		
GAINESVILLE,FL	INSTALL COMPUTER SYS	158	158				158		
GAINESVILLE,FL	EXPAND/RENOVATE CANTEEN	396	163		233		396		
GAINESVILLE,FL	BUILDING ENERGY MGT.	30	30				30		
GAINESVILLE,FL	CONSTRUCT MODULAR GRECC BLDG.	116			116		116		
GRAND ISLAND,NE	DIETETICS RENOVATION	421	421				421		
GRAND ISLAND,NE	RMS EXPANSION AND RENOVATION	146	153		-7		146		

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
FORT LYON,CO	PATIENT PRIVACY 5B NORTH	32		25	7			7		
FORT LYON,CO	RENOVATE LAUNDRY	33		33						
FORT LYON,CO	REPLACE TELECOMMUNICATOR SYSTEM	393			18	370	4		375	4
FORT MEADE,SD	F&S IMPROV, BLDG-113	127	125	2	0			4		
FORT MEADE,SD	RENOVATE WARD 113S	33			31	2		33	2	
FORT MEADE,SD	RENOVATE WARD 113N	33		12	2	19		21	19	
FORT MEADE,SD	REMOD BLDG-148D/MED BEDS	381	370	12						
FORT MEADE,SD	CONSTR ICU B-148	356	340	11	5	0				
FORT MEADE,SD	LOCKER ROOM ADDN AND RENOVATION	25		5	20			20		
FORT WAYNE,IN	RENOVATE PATIENT WARDS 3E, 4E AND 4W	313	301	12						
FORT WAYNE,IN	RELOCATE RESPIRATORY CARE TO 3W	205	202	3	0					
FORT WAYNE,IN	TELEPHONE SYSTEM	33		5	2	26		12	26	
FRESNO,CA	REMODEL CANTEEN	460	460		0					
FRESNO,CA	REMOD NRSG STATIONS, 4E, 4W, 5E	296	18	273	5			5		
FRESNO,CA	EXPAND MICROBILOGY INTO OLD HISTROCYSTO AREA	197	20	171	5			15		
FRESNO,CA	REMODEL KITCHEN	33	10	23	0					
FRESNO,CA	TELEPHONE SYSTEM SITE PREPARATION	438	32	387	11	8		19	8	
FRESNO,CA	RENOVATE 16-BED ROOM	351		340	6	4		11	4	
FRESNO,CA	INSTALL CT HEAD SCANNER	131		3	123	5		128	5	
GAINESVILLE,FL	LOAD MGMT SYS AND VARIABLE VOLUME	371	29	335	7			7		
GAINESVILLE,FL	PROPOSED SICU, 1ST FLR	355	355	1						
GAINESVILLE,FL	INSTALL COMPUTER SYS	158	158							
GAINESVILLE,FL	EXPAND/RENOVATE CANTEEN	396		25	371			371		
GAINESVILLE,FL	BUILDING ENERGY MGT.	30		26	4			4		
GAINESVILLE,FL	CONSTRUCT MODULAR GRECC BLDG.	116		113	2	1		3	1	
GRAND ISLAND,NE	DIETETICS RENOVATION	421	421							
GRAND ISLAND,NE	RMS EXPANSION AND RENOVATION	146	146		0					

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSIDERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
GRAND ISLAND,NE	RENOVATE LIBRARY SVC	207	154			53	207		
GRAND ISLAND,NE	REMODEL SPD	391	348		43		391		
GRAND ISLAND,NE	RENOVATE B-3, B-4 TO ADMIN OFFICES	17			17		17		
GRAND JUNCTION,CO	REMODEL WARD 4E	444	445		-1		444		
GRAND JUNCTION,CO	REMODEL WARD 3 CENTER	405	391		14		405		
GRAND JUNCTION,CO	ADP SITE PREPARATION	282	274		3	5	282		
HAMPTON,VA	RENOVATE NURSING STATIONS BLDG-110	336	319		17		336		
HAMPTON,VA	RENOVATE B-114	362	362				362		
HAMPTON,VA	RENOVATE CHAPEL	28			28		28		
HAMPTON,VA	ENERGY RETROFIT	33	33				33		
HAMPTON,VA	INSTAL ELEV, BLDG-114	278	278				278		
HAMPTON,VA	RENOVATE FOR CT RADIOLOGY	26			26		26		
HAMPTON,VA	PRE-ENG'R SPD STORAGE BLDG.	12			12		12		
HINES(VAH),IL	SUN DECK ENCLOSURE SCI	459	459				459		
HINES(VAH),IL	RELOCATE MARKETING CENTER TO B-17	422	422				422		
HINES(VAH),IL	EXPAND RADIOLOGY BLDG.NO.200 1ST FLOOR	152	152				152		
HINES(VAH),IL	RENOVATE ADMIN OFFICE NUCLEAR MED	428	385		43		428		
HINES(VAH),IL	RENOVATE CCU	342	323		19		342		
HINES(VAH),IL	REPLACEMENT CT SCANNER	267	229		38		267		
HINES(VAH),IL	INSTALL ELEVATORS B-12	172	14		153	5	172		
HINES(VAH),IL	CONSTR INSTALL ELEV B-17	25			25		25		
HINES(VAH),IL	PREP/RENOV FOR ADP DECENT	266	268		-2		266		
HINES(VAH),IL	P-2 CONTAINMENT FACILITY	101	101				101		
HINES(VAH),IL	RELOCATE RESEARCH LAB C-1	367	31		336		367		
HINES(VAH),IL	RENOVATE BLDGS. 12 & 13 BLIND CENTER	22			22		22		
HINES(VAH),IL	RESEARCH LAB B-1 SECTION C-NORTH	26			26		26		
HOT SPRINGS,SD	FSES EXIT STAIRWAY CORRECTION	12			12		12		
HOT SPRINGS,SD	COMPUTER FACILITY TELE SYS	295	297		-2		295		

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

OTHER IMPR (K)-MISC PROJ $100-$500,000

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
GRAND ISLAND,NE	RENOVATE LIBRARY SVC	207		13	193	1		141	1	
GRAND ISLAND,NE	REMODEL SPD	391	24	362	5			5		
GRAND ISLAND,NE	RENOVATE B-3, B-4 TO ADMIN OFFICES	17		14	0	2		3	2	
GRAND JUNCTION,CO	REMODEL WARD 4E	444	443	1	0					
GRAND JUNCTION,CO	REMODEL WARD 3 CENTER	405	386	19						
GRAND JUNCTION,CO	ADP SITE PREPARATION	282	15	260	7			2		
HAMPTON,VA	RENOVATE NURSING STATIONS BLDG-110	336	30	297	7	2		9	2	
HAMPTON,VA	RENOVATE B-114	362			314	41	7	362	48	7
HAMPTON,VA	RENOVATE CHAPEL	28		28	0					
HAMPTON,VA	ENERGY RETROFIT	33	32		1			1		
HAMPTON,VA	INSTAL ELEV, BLDG-114	278	271	2	5			5		
HAMPTON,VA	RENOVATE FOR CT RADIOLOGY	26		25	1			1		
HAMPTON,VA	PRE-ENG'R SPD STORAGE BLDG.	12			1	11		12	11	
HINES(VAH),IL	SUN DECK ENCLOSURE SCI	459	459	-1	1			1		
HINES(VAH),IL	RELOCATE MARKETING CENTER TO B-17	422	397		25			25		
HINES(VAH),IL	EXPAND RADIOLOGY BLDG.NO.200 1ST FLOOR	152	148	3	1			1		
HINES(VAH),IL	RENOVATE ADMIN OFFICE NUCLEAR MED	428	384	28	15	1		16	1	
HINES(VAH),IL	RENOVATE CCU	342	26	306	9	1		10	1	
HINES(VAH),IL	REPLACEMENT CT SCANNER	267	222	38	6			6		
HINES(VAH),IL	INSTALL ELEVATORS B-12	172	1	12	158			153		
HINES(VAH),IL	CONSTR INSTALL ELEV B-17	25		7	1	17		18	17	
HINES(VAH),IL	PREP/RENOV FOR ADP DECENT	266	266	-1	0					
HINES(VAH),IL	P-2 CONTAINMENT FACILITY	101	98		3			3		
HINES(VAH),IL	RELOCATE RESEARCH LAB C-1	367	3	28	336			336		
HINES(VAH),IL	RENOVATE BLDGS. 12 & 13 BLIND CENTER	22			21	1		22	1	
HINES(VAH),IL	RESEARCH LAB B-1 SECTION C-NORTH	26		9	2	16		17	16	
HOT SPRINGS,SD	FSES EXIT STAIRWAY CORRECTION	12		4	1	7		8	7	
HOT SPRINGS,SD	COMPUTER FACILITY TELE SYS	295	295		0					

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
HOT SPRINGS,SD	RENOVATE B-2A ADTP	32			32		32		
HOUSTON,TX	SITE PREPARATION FOR ADP	303	310		-7		303		
HUNTINGTON,WV	MORGUE EXPANSION	258	261		-3		258		
HUNTINGTON,WV	REMODEL AND EXPAND O/P	234	235		-1		234		
HUNTINGTON,WV	ENGINEERING EQUIPMENT BLDG.	314	314				314		
HUNTINGTON,WV	2ND ENTRANCE ROAD	40	40				40		
HUNTINGTON,WV	ALTERNATE ELECTRICAL SOURCE	33	33				33		
HUNTINGTON,WV	TELEPHONE GUTTER SYSTEM	244	245		-1		244		
INDIANAPOLIS(CSR),IN	RENOV. WARDS 5,6 & 7 B-8	33	33				33		
INDIANAPOLIS(CSR),IN	CONSOL DIETETIC SVC B-2	34			34		34		
INDIANAPOLIS(CSR),IN	MOD WDS-3,4 B-1 (CSR)	36	36				36		
INDIANAPOLIS,IN	UPGRADE FACILITIES FOR THE HANDICAPPED	404	28		376		404		
INDIANAPOLIS,IN	RENOVATE B-11 RECREATION/ CANTEEN	261	263		-2		261		
INDIANAPOLIS,IN	RENOVATE WARD 1 AND NHCU	459	326		133		459		
INDIANAPOLIS,IN	RELOCATE CARDIAC CATH LAB	122	127		-5		122		
INDIANAPOLIS,IN	RADIOLOGY A-206-210 REPLACE X-RAY	20			20		20		
INDIANAPOLIS,IN	EXPAND MEDICAL RECORDS FILES	26			26		26		
INDIANAPOLIS,IN	RENOVATE BLDGS. 3,4 AND 5	29			29		29		
IOWA CITY,IA	MISC SERVICE BLDG.	442	442				442		
IOWA CITY,IA	EXPAND WAREHOUSE	320	320				320		
IOWA CITY,IA	RELOC HOME & CTR DIALYSIS TO 6W	21	21				21		
IOWA CITY,IA	RELOCATE CARDIAC CATH	380	32		348		380		
IOWA CITY,IA	ISOLATION FEMALE AND	221			221		221		
IOWA CITY,IA	INSTALL ADP	308	288		20		308		
IOWA CITY,IA	RELOCATE CYSTO ROOM	274			274		274		
IRON MOUNTAIN,MI	REMODEL DIETETIC SERVICE	460	460				460		
IRON MOUNTAIN,MI	REMODEL/EXPAND LAB SVC	454	21		433		454		
IRON MOUNTAIN,MI	RELOCATE ICU AND RMS CL	31			31		31		
JACKSON,MS	EXPAND RADIOLOGY	216			216		216		
KANSAS CITY,MO	RELOCATE CENTER TO BASEMENT B-1	435	435				435		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
HOT SPRINGS,SD	RENOVATE B-2A ADTP	32		10	1	20		22	20	
HOUSTON,TX	SITE PREPARATION FOR ADP	303	303		0					
HUNTINGTON,WV	MORGUE EXPANSION	258	258		0					
HUNTINGTON,WV	REMODEL AND EXPAND O/P	234	234	-0	0					
HUNTINGTON,WV	ENGINEERING EQUIPMENT BLDG.	314	308	3	3			3		
HUNTINGTON,WV	2ND ENTRANCE ROAD	40	38		2			2		
HUNTINGTON,WV	ALTERNATE ELECTRICAL SOURCE	33			31	2		33	2	
HUNTINGTON,WV	TELEPHONE GUTTER SYSTEM	244	244		0					
INDIANAPOLIS(CSR),IN	RENOV. WARDS 5,6 & 7 B-8	33	15		18			18		
INDIANAPOLIS(CSR),IN	CONSOL DIETETIC SVC B-2	34			2	32	0	34	32	
INDIANAPOLIS(CSR),IN	MOD WDS-3,4 B-1 (CSR)	36			34	2		36	2	
INDIANAPOLIS,IN	UPGRADE FACILITIES FOR THE HANDICAPPED	404	10	384	4	7		11	7	
INDIANAPOLIS,IN	RENOVATE B-11 RECREATION/ CANTEEN	261	243	18						
INDIANAPOLIS,IN	RENOVATE WARD 1 AND NHCU	459	306	128	17	7		25	7	
INDIANAPOLIS,IN	RELOCATE CARDIAC CATH LAB	122	119	4						
INDIANAPOLIS,IN	RADIOLOGY A-206-210 REPLACE X-RAY	20			1	19		20	19	
INDIANAPOLIS,IN	EXPAND MEDICAL RECORDS FILES	26			1	24	1	26	25	1
INDIANAPOLIS,IN	RENOVATE BLDGS. 3,4 AND 5	29			2	27	1	29	27	1
IOWA CITY,IA	MISC SERVICE BLDG.	442	428	12	2			2		
IOWA CITY,IA	EXPAND WAREHOUSE	320		27	285	7		293	7	
IOWA CITY,IA	RELOC HOME & CTR DIALYSIS TO 6W	21	16		5			5		
IOWA CITY,IA	RELOCATE CARDIAC CATH	380		12	18	345	6	368	350	6
IOWA CITY,IA	ISOLATION FEMALE AND	221		5	206	10		216	10	
IOWA CITY,IA	INSTALL ADP	308	286	19	3			3		
IOWA CITY,IA	RELOCATE CYSTO ROOM	274		9	23	240	2	265	242	2
IRON MOUNTAIN,MI	REMODEL DIETETIC SERVICE	460	460							
IRON MOUNTAIN,MI	REMODEL/EXPAND LAB SVC	454		441	3	9		13	9	
IRON MOUNTAIN,MI	RELOCATE ICU AND RMS CL	31		9	22			22		
JACKSON,MS	EXPAND RADIOLOGY	216		210	6			6		
KANSAS CITY,MO	RELOCATE CENTER TO BASEMENT B-1	435	422	10	3			3		

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
KANSAS CITY,MO	REMODEL SICU RR 3E BLDG.NO.1	294	306		-12		294		
KANSAS CITY,MO	RENOV BLDG-6,15 (MED RES)	263	26		237		263		
KANSAS CITY,MO	INSTALL FIRE SPRNKLR BLDG-1	344	402		-58		344		
KANSAS CITY,MO	RENOVATE B-3 FOR DAY HOSPITAL	384	26		358		384		
KANSAS CITY,MO	MODIFY LOADING DOCK B-1	33			33		33		
KANSAS CITY,MO	EXPAND OR STORAGE	93	97		-4		93		
KANSAS CITY,MO	ADP EQUIP INSTALLATION	388	233		155		388		
KERRVILLE,TX	INP/OUT SERVICE ELEVATOR	28	26		2		28		
KERRVILLE,TX	REMODEL RADIOLOGY	454	454				454		
KERRVILLE,TX	REMODEL/EXPAND LAB SVC	123	127		-4		123		
KERRVILLE,TX	LISFE SAFETY DEFICIENCIES	221	221				221		
KERRVILLE,TX	EXPAND INTERIM/PSYCH CARE UNIT	34			34		34		
KERRVILLE,TX	EXPAND PHARMACY	33	33				33		
KERRVILLE,TX	MODERNIZE PAT RMS, PH-C	350	350				350		
KERRVILLE,TX	MOD PATIENT ROOMS PH-D	401	376			25	401		
KERRVILLE,TX	MOD PATIENT ROOMS PH E	378				378	378		
KERRVILLE,TX	ADP SITE PREPARATION	268	259		9		268		
KERRVILLE,TX	RELOCATE/EXPAND NUCLEAR MEDICINE	23			23		23		
KNOXVILLE,IA	REMODEL O/P AREA B-1	139	144		-5		139		
KNOXVILLE,IA	CONSTR AMBULANCE ENTRANCE B-1	234	245			-11	234		
KNOXVILLE,IA	CORRECT HANDICAP DEFIC	193	201		-8		193		
KNOXVILLE,IA	HANDICAPPED IMPROV. PH II	215	215				215		
KNOXVILLE,IA	INSTALL NURSES CALL BLDG.67,68,101	115	115				115		
KNOXVILLE,IA	HANDICAP IMPROV. PH III	380	32		348		380		
KNOXVILLE,IA	HANDICAP IMPROV BLDGS. 3,27 AND 74 PH 4	25			25		25		
KNOXVILLE,IA	UPGRADE NURSE STATIONS BLDGS. 67 AND 68;	11			11		11		
KNOXVILLE,IA	REPLACE TELEPHONE EQUIP.	437	427		10		437		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
KANSAS CITY,MO	REMODEL SICU RR 3E BLDG.NO.1	294	300	-6						
KANSAS CITY,MO	RENOV BLDG-6,15 (MED RES)	263	23	233	7			7		
KANSAS CITY,MO	INSTALL FIRE SPRNKLR BLDG-1	344	36	299	9			9		
KANSAS CITY,MO	RENOVATE B-3 FOR DAY HOSPITAL	384		10	359	15		374	15	
KANSAS CITY,MO	MODIFY LOADING DOCK B-1	33			3	30		33	30	
KANSAS CITY,MO	EXPAND OR STORAGE	93	93							
KANSAS CITY,MO	ADP EQUIP INSTALLATION	388	223	6	159			159		
KERRVILLE,TX	INP/OUT SERVICE ELEVATOR	28		28	0					
KERRVILLE,TX	REMODEL RADIOLOGY	454	383	43	28			28		
KERRVILLE,TX	REMODEL/EXPAND LAB SVC	123	123							
KERRVILLE,TX	LISFE SAFETY DEFICIENCIES	221	216	5						
KERRVILLE,TX	EXPAND INTERIM/PSYCH CARE UNIT	34			2	31	1	34	32	1
KERRVILLE,TX	EXPAND PHARMACY	33	9	22	2			2		
KERRVILLE,TX	MODERNIZE PAT RMS, PH-C	350	309	39	2			2		
KERRVILLE,TX	MOD PATIENT ROOMS PH-D	401		334	61	5		42	5	
KERRVILLE,TX	MOD PATIENT ROOMS PH E	378			350	28			28	
KERRVILLE,TX	ADP SITE PREPARATION	268	251	15	2			2		
KERRVILLE,TX	RELOCATE/EXPAND NUCLEAR MEDICINE	23		10	1	12		13	12	
KNOXVILLE,IA	REMODEL O/P AREA B-1	139	142	-3	0					
KNOXVILLE,IA	CONSTR AMBULANCE ENTRANCE B-1	234	237	-3				11		
KNOXVILLE,IA	CORRECT HANDICAP DEFIC	193	196	-2						
KNOXVILLE,IA	HANDICAPPED IMPROV. PH II	215	206	3	6			6		
KNOXVILLE,IA	INSTALL NURSES CALL BLDG.67,68,101	115	112	3						
KNOXVILLE,IA	HANDICAP IMPROV. PH III	380	3	22	343	12		355	12	
KNOXVILLE,IA	HANDICAP IMPROV BLDGS. 3,27 AND 74 PH 4	25		5	2	18		20	18	
KNOXVILLE,IA	UPGRADE NURSE STATIONS BLDGS. 67 AND 68;	11		2	1	8		9	8	
KNOXVILLE,IA	REPLACE TELEPHONE EQUIP.	437	415	22	0	0		1		

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	APPROPRIATIONS PLAN NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
KNOXVILLE,IA	ERECT SHOWERS B-74	19	19				19		
LAKE CITY,FL	EXPAND LAUNDRY, BLDG-74	412	411		1		412		
LAKE CITY,FL	RENOVATE 2ND FLOOR WARD BLDG.NO.62		33		-33				
LAKE CITY,FL	INSTALL FIRE PUMPS	199	208			-9	199		
LAKE CITY,FL	VARIABLE AIR VOLUME DDC ENERGY	352	352				352		
LAKE CITY,FL	RENOVATE OLD NHCU B-62	33			33		33		
LAKE CITY,FL	RENOVATE WARD 8 B-62	33			33		33		
LEAVENWORTH,KS	UNDERGROUND WALKWAY, BLDG-90 TO BLDG-71		398		-398				
LEAVENWORTH,KS	SMOKE DETECTION SYS	258	271			-13	258		
LEAVENWORTH,KS	RENOV BLDG-29	402	402				402		
LEAVENWORTH,KS	RELOCATE PHARMACY B-90	265	250		15		265		
LEBANON,PA	ADDN ELEVATORS B-19	162	176			-14	162		
LEBANON,PA	RENOVATE BATHROOMS B-17	400	33		367		400		
LEBANON,PA	RENOVATE B-17 OPC	400	33		367		400		
LEBANON,PA	CORRECT SAFETY AND FIRE DEFIC.	33	33				33		
LEBANON,PA	COMBINE KITCHENS B1 & B17	278	385		-107		278		
LEBANON,PA	ALCOHOL TREATMENT UNIT	384	33		351		384		
LEBANON,PA	RELOCATE PHARMACY TO B-17	34			34		34		
LEXINGTON(LL),KY	ADDNL ELEV, BLDG-27,28	411	362		49		411		
LEXINGTON(LD),KY	ADDN ELEVATORS B-2 & 16	32	32				32		
LEXINGTON,KY	ENLARGE WAREHOUSE B-12	180	180				180		
LEXINGTON,KY	CONSTR FIRE EXIT STAIRWELL B-5	19			19		19		
LEXINGTON,K[illegible]	RENOVATE MICU	411	411				411		
LEXINGTON,KY	COMPUTER ROOM AND CABLE	304	304				304		
LINCOLN,NE	EXPAND WAREHOUSE	237	20		217		237		
LINCOLN,NE	RELOCATE DIAYLSIS UNIT B-1	30			30		30		
LITTLE ROCK (NORTH),AR	RENOV BLDG-68 (EDUC) FACILITY 1ST FLOOR	332	332				332		
LITTLE ROCK (NORTH),AR	EMERG POWER, BLDG-76	99	101		-2		99		
LITTLE ROCK (NORTH),AR	PERIMETER FIRE BREAK	167	172		-5		167		

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
KNOXVILLE,IA	ERECT SHOWERS B-74	19		17	2			2		
LAKE CITY,FL	EXPAND LAUNDRY, BLDG-74	412	400	11	1	0		2		
LAKE CITY,FL	RENOVATE 2ND FLOOR WARD BLDG.NO.62									
LAKE CITY,FL	INSTALL FIRE PUMPS	199	199	-0	0			9		
LAKE CITY,FL	VARIABLE AIR VOLUME DDC ENERGY	352	343	4	5			5		
LAKE CITY,FL	RENOVATE OLD NHCU B-62	33		6	2	25		27	25	
LAKE CITY,FL	RENOVATE WARD 8 B-62	33		33						
LEAVENWORTH,KS	UNDERGROUND WALKWAY, BLDG-90 TO BLDG-71									
LEAVENWORTH,KS	SMOKE DETECTION SYS	258	266	-8				13		
LEAVENWORTH,KS	RENOV BLDG-29	402	40	-5	345	23		368	23	
LEAVENWORTH,KS	RELOCATE PHARMACY B-90	265	242	22	1			1		
LEBANON,PA	ADDN ELEVATORS B-19	162	162	-0				14		
LEBANON,PA	RENOVATE BATHROOMS B-17	400	3	386	11			11		
LEBANON,PA	RENOVATE B-17 OPC	400	7	383	10			10		
LEBANON,PA	CORRECT SAFETY AND FIRE DEFIC.	33	7	26	0					
LEBANON,PA	COMBINE KITCHENS B1 & B17	278	7	264	8			8		
LEBANON,PA	ALCOHOL TREATMENT UNIT	384	7	367	10			10		
LEBANON,PA	RELOCATE PHARMACY TO B-17	34		12	22			22		
LEXINGTON(LD),KY	ADDNL ELEV, BLDG-27,28	411	36	363	12			12		
LEXINGTON(LD),KY	ADDN ELEVATORS B-2 & 16	32		32	0					
LEXINGTON,KY	ENLARGE WAREHOUSE B-12	180	180							
LEXINGTON,KY	CONSTR FIRE EXIT STAIRWELL B-5	19			2	17	0	19	17	
LEXINGTON,KY	RENOVATE MICU	411	402	7	2			2		
LEXINGTON,KY	COMPUTER ROOM AND CABLE	304	294	1	9			9		
LINCOLN,NE	EXPAND WAREHOUSE	237	12	216	4	5		9	5	
LINCOLN,NE	RELOCATE DIAYLSIS UNIT B-1	30		9	1	20		21	20	
LITTLE ROCK (NORTH),AR	RENOV BLDG-68 (EDUC) FACILITY 1ST FLOOR	332	293	39	0					
LITTLE ROCK (NORTH),AR	EMERG POWER, BLDG-76	99	99	0						
LITTLE ROCK (NORTH),AR	PERIMETER FIRE BREAK	167	167	-0	0					

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN						
			AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
LITTLE ROCK,AR	ALTERATIONS B-1	397	397				397		
LITTLE ROCK,AR	SPRINKLER IN ATTICS AND HOODS	174	179			-5	174		
LITTLE ROCK,AR	HVAC KITCHEN B-76	389	403			-14	389		
LITTLE ROCK,AR	INCINERATOR/SOLID WASTE BOILER	3	3				3		
LITTLE ROCK,AR	PSYCH REHAB RECREATION AREA	220			225	-5	220		
LITTLE ROCK,AR	RENOVATE B-68 EDUCATION	398			398		398		
LIVERMORE,CA	RELOCATE PHARMACY	417	418			-1	417		
LIVERMORE,CA	REMODEL NURSES STATIONS WD-4 BLDG.NO.62	362	29		-1	334	362		
LIVERMORE,CA	REMODEL VACATED PHARM SPACE FOR LAB	36	34		1	1	36		
LIVERMORE,CA	RENOVATE GROUND FLR B-88	33			33		33		
LOMA LINDA,CA	RENOVATE WARD 3SW	19			19		19		
LOMA LINDA,CA	REMODEL NURSING WARDS 3SE	200	17		183		200		
LOMA LINDA,CA	REMOD NRSG STN, WD-4W/2SE	180	233		-53		180		
LOMA LINDA,CA	RENOVATE O/P CL PH-III	375	282		93		375		
LOMA LINDA,CA	THERAPEUTIC POOL ADDITION	357	357				357		
LOMA LINDA,CA	REVISE AMSCAR WASHER AND ROUTING	34	34				34		
LOMA LINDA,CA	REMODEL REHAB MED CTR	30			30		30		
LOMA LINDA,CA	ADP TRAILER SPACE	107			107		107		
LONG BEACH,CA	CORRECT LIGHT FIXTURES	328	328				328		
LONG BEACH,CA	TEMPORARY MEDICAL ICU	39	39				39		
LONG BEACH,CA	RETROFIT HVAC PH I B-1	233	226		7		233		
LONG BEACH,CA	EXPAND/RELOCATE PROSTHETICS B-122	386	386				386		
LONG BEACH,CA	A/C BLDG. NO.4	28			28		28		
LONG BEACH,CA	CORRECT FIRE DEFIC. PH II	381	32		349		381		
LONG BEACH,CA	WARD MODERN B-126 4 WARDS PH 1	30			30		30		
LONG BEACH,CA	REPLACE ADP COMPUTER SYSTEM, BLDG-126	345	345				345		
LOUISVILLE,KY	REMODEL SPD	187	193			-6	187		
LOUISVILLE,KY	ORTHOPEDIC O.R.	189	183		6		189		

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($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
LITTLE ROCK,AR	ALTERATIONS B-1	397			386	11		397	11	
LITTLE ROCK,AR	SPRINKLER IN ATTICS AND HOODS	174	174		0			5		
LITTLE ROCK,AR	HVAC KITCHEN B-76	389	390	-1				14		
LITTLE ROCK,AR	INCINERATOR/SOLID WASTE BOILER	3	10	-7	0					
LITTLE ROCK,AR	PSYCH REHAB RECREATION AREA	220		19	201			206		
LITTLE ROCK,AR	RENOVATE B-68 EDUCATION	398		3	371	24		395	24	
LIVERMORE,CA	RELOCATE PHARMACY	417	416	1				1		
LIVERMORE,CA	REMODEL NURSES STATIONS WD-4 BLDG.NO.62	362	28		334					
LIVERMORE,CA	REMODEL VACATED PHARM SPACE FOR LAB	36		34	2			1		
LIVERMORE,CA	RENOVATE GROUND FLR B-88	33			1	30	2	33	32	2
LOMA LINDA,CA	RENOVATE WARD 3SW	19			1	17	1	19	18	1
LOMA LINDA,CA	REMODEL NURSING WARDS 3SE	200		14	185	1		186	1	
LOMA LINDA,CA	REMOD NRSG STN, WD-4W/2SE	180	18	159	3			3		
LOMA LINDA,CA	RENOVATE O/P CL PH-III	375	277	0	90	8		98	8	
LOMA LINDA,CA	THERAPEUTIC POOL ADDITION	357	29	-3	11	312	9	331	321	9
LOMA LINDA,CA	REVISE AMSCAR WASHER AND ROUTING	34		13	1	20		21	20	
LOMA LINDA,CA	REMODEL REHAB MED CTR	30			1	27	2	30	29	2
LOMA LINDA,CA	ADP TRAILER SPACE	107		80	5	18	5	27	23	5
LONG BEACH,CA	CORRECT LIGHT FIXTURES	328	324		4			4		
LONG BEACH,CA	TEMPORARY MEDICAL ICU	39	39							
LONG BEACH,CA	RETROFIT HVAC PH I B-1	233	215	14	3			3		
LONG BEACH,CA	EXPAND/RELOCATE PROSTHETICS B-122	386	27	9	319	32		350	32	
LONG BEACH,CA	A/C BLDG. NO.4	28			1	25	2	28	27	2
LONG BEACH,CA	CORRECT FIRE DEFIC. PH II	381			5	371	5	381	376	5
LONG BEACH,CA	WARD MODERN B-126 4 WARDS PH 1	30			0	28	2	30	30	2
LONG BEACH,CA	REPLACE ADP COMPUTER SYSTEM, BLDG-126	345	291	50	5			5		
LOUISVILLE,KY	REMODEL SPD	187	187					6		
LOUISVILLE,KY	ORTHOPEDIC O.R.	189	178	10	1			1		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
			APPROPRIATIONS PLAN						
OTHER IMPR (K)-MISC PROJ $100-$500,000									
LOUISVILLE,KY	INSTALL ADP EQUIPMENT	119	120			-1	119		
LYONS,NJ	ADDITIONAL ELEVATORS B-2	193	198			-5	193		
LYONS,NJ	PATIENT PRIVACY	379	379				379		
LYONS,NJ	MODERN BATHROOMS CIR II	33	28		5		33		
MADISON,WI	CONSOLIDATE LAB SVC	12	34			-22	12		
MADISON,WI	EXPAND RECOVERY ROOM	365	345		20		365		
MADISON,WI	EXPAND EMERGENCY POWER D-WING	236	30		206		236		
MADISON,WI	HAZARDOUS STORAGE BLDG.	140	13		127		140		
MADISON,WI	TELEPHONE EQUIPMENT ROOM SITE PREP.	370	33		337		370		
MADISON,WI	CORRECT EXIT DEFIC.	248			18	230	248		
MADISON,WI	SPRINKLER C-WING AND HAZ AREAS	28			28		28		
MADISON,WI	REPLACE INCINERATOR	396			396		396		
MANCHESTER,NH	INSTALL ADDN GENERATOR	441	441				441		
MANCHESTER,NH	REVISE DIETETIC KITCHEN AREA	34	34				34		
MANCHESTER,NH	RELOCATE COMBINED MICU/SICU	34	34				34		
MARION,IL	CORRECT HVAC DEFIC.		31		-31				
MARION,IL	RELOCATE AND UPDATE ICU	424	424				424		
MARION,IL	CANTEEN SERVICE FACILITY	307	307				307		
MARION,IL	UPGRADE EMERGENCY POWER	307	308		-1		307		
MARION,IL	CONSTRUCT VENDING/ BLDG.MGTM. SPACE	227	191		36		227		
MARION,IL	RENOVATE/EXPAND WAREHOUSE	278	24			254	278		
MARION,IN	ELEVATOR BLDG. 12 AND 15	365				365	365		
MARION,IN	REMODEL B-138	446	446				446		
MARION,IN	ENCLOSE PROCHES B-1,2	223	223				223		
MARION,IN	STANDPIPE HOSE SYSTEM	278	278				278		
MARION,IN	UPGRADE BSMT, BLDG-12	412	36		376		412		
MARION,IN	REMODEL THEATER B-47				34	-34			
MARION,IN	UPGRADE AND ADDN TO CHAPEL	500	33			467	500		
MARION,IN	REMODEL FIRE STATION	247	243		4		247		
MARION,IN	REPLACE GREENHOUSE	434	384		50		434		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
LOUISVILLE,KY	INSTALL ADP EQUIPMENT	119	119	-1	0			1		
LYONS,NJ	ADDITIONAL ELEVATORS B-2	193	194	-1				5		
LYONS,NJ	PATIENT PRIVACY	379	379							
LYONS,NJ	MODERN BATHROOMS CIR II	33	28	0	5			5		
MADISON,WI	CONSOLIDATE LAB SVC	12		12	0	0		22		
MADISON,WI	EXPAND RECOVERY ROOM	365	332	25	8			8		
MADISON,WI	EXPAND EMERGENCY POWER D-WING	236		230	3	3		6	3	
MADISON,WI	HAZARDOUS STORAGE BLDG.	140	4	132	4			4		
MADISON,WI	TELEPHONE EQUIPMENT ROOM SITE PREP.	370	12	27	257	73		331	73	
MADISON,WI	CORRECT EXIT DEFIC.	248		5	17	226		13	226	
MADISON,WI	SPRINKLER C-WING AND HAZ AREAS	28		8	1	18		20	18	
MADISON,WI	REPLACE INCINERATOR	396			366	30		376	30	
MANCHESTER,NH	INSTALL ADDN GENERATOR	441	435	-0	6			6		
MANCHESTER,NH	REVISE DIETETIC KITCHEN AREA	34		34	0					
MANCHESTER,NH	RELOCATE COMBINED MICU/SICU	34		34	0					
MARION,IL	CORRECT HVAC DEFIC.									
MARION,IL	RELOCATE AND UPDATE ICU	424	412	9	3			3		
MARION,IL	CANTEEN SERVICE FACILITY	307	297	0	10			10		
MARION,IL	UPGRADE EMERGENCY POWER	307	25	279	3			3		
MARION,IL	CONSTRUCT VENDING/ BLDG.MGTM. SPACE	227	2	219	6			6		
MARION,IL	RENOVATE/EXPAND WAREHOUSE	278	2	20	248	7		1	7	
MARION,IN	ELEVATOR BLDG. 12 AND 15	365			3	338	25		362	25
MARION,IN	REMODEL B-138	446	446	-0	0					
MARION,IN	ENCLOSE PROCHES B-1,2	223	215	-3	11			11		
MARION,IN	STANDPIPE HOSE SYSTEM	278	273	5	0					
MARION,IN	UPGRADE BSMT. BLDG-12	412	28	383	1	0		1		
MARION,IN	REMODEL THEATER B-47							34		
MARION,IN	UPGRADE AND ADDN TO CHAPEL	500		33	413	15	40		54	40
MARION,IN	REMODEL FIRE STATION	247	236	11	0					
MARION,IN	REPLACE GREENHOUSE	434		421	5	8		13	8	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN: AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
MARTINEZ,CA	LAB EXPANSION/RENOVATION	205	210		-5		205		
MARTINEZ,CA	MODULAR BLDG. FOR RESEARCH	415	414		1		415		
MARTINEZ,CA	INSTALL CAT SCANNER	255	270			-15	255		
MARTINEZ,CA	REMOD EXAM RMS, O/P AREA	266	266				266		
MARTINEZ,CA	RESEARCH ADDITION	34			34		34		
MARTINSBURG,WV	INSTALL SPRKLR SYS UNDER BLDG	230	230				230		
MARTINSBURG,WV	ADDN PASSENGER ELEV.	35	35				35		
MARTINSBURG,WV	EMERG OPERATING FACIL.	445	342		103		445		
MARTINSBURG,WV	RENOVATE B-205	408			408		408		
MARTINSBURG,WV	RENOVATE DOM B-217	34			34		34		
MARTINSBURG,WV	RENOVATE FOR CT SCANNER EQUIPMENT	14			14		14		
MEMPHIS,TN	LAND PURCHASES	243	275		-32		243		
MEMPHIS,TN	MAIN KITCHEN VENTILATION	421	439		-18		421		
MEMPHIS,TN	REMOD BLDG PSYCH DAY TREATMENT	309	309				309		
MEMPHIS,TN	EXCAVATE UNDER 1C AND 1D	363	363				363		
MEMPHIS,TN	DEVELOP PIPE BASEMENT 1C & 1D	222			26	196	222		
MEMPHIS,TN	EXPERIMENTAL ANIMAL ROOM	398	398				398		
MIAMI,FL	EXPAND DENTAL	349	349				349		
MIAMI,FL	RETURN 5CD PSYCH BEDS	33			33		33		
MIAMI,FL	CONVERT BLDG. 889 TO RES	33	31		2		33		
MIAMI,FL	ADD 2 ROOMS TO RADIOLOGY	31			31		31		
MIAMI,FL	RENOVATE ANIMAL AREA	25			25		25		
MILWAUKEE,WI	MODERNIZE WARDS 6AN&7CS	117	117				117		
MILWAUKEE,WI	MODERNIZE WARDS 6CS AND 6CN	207	235		-28		207		
MILWAUKEE,WI	INSTALL TV OUTLET PATIENT RMS B-111 PH 1	26			26		26		
MILWAUKEE,WI	HANDICAPPED BARRIER B-111	215	215				215		
MILWAUKEE,WI	MODERNIZE WARD 7AS B-111	100	121		-21		100		
MINNEAPOLIS,MN	INSTALL ELEVATORS B-9	199	199				199		
MINNEAPOLIS,MN	RMEC TRAINING FACIL ADDN	390	390				390		
MONTGOMERY,AL	UPDATE WARD AIR EXHAUST	259	259				259		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
MARTINEZ,CA	LAB EXPANSION/RENOVATION	205	209	-4	0					
MARTINEZ,CA	MODULAR BLDG. FOR RESEARCH	415	[illegible]	4	0	0				
MARTINEZ,CA	INSTALL CAT SCANNER	255	255					15		
MARTINEZ,CA	REMOD EXAM RMS, O/P AREA	266	259	-5	12			12		
MARTINEZ,CA	RESEARCH ADDITION	34			1	31	2	34	33	2
MARTINSBURG,WV	INSTALL SPRKLR SYS UNDER BLDG	230	224	1	5			5		
MARTINSBURG,WV	ADDN PASSENGER ELEV.	35	13		22			22		
MARTINSBURG,WV	EMERG OPERATING FACIL.	445	333	9	82	21		103	21	
MARTINSBURG,WV	RENOVATE B-205	408		396	3	9		12	9	
MARTINSBURG,WV	RENOVATE DOM B-217	34		13	21			21		
MARTINSBURG,WV	RENOVATE FOR CT SCANNER EQUIPMENT	14			13	1		14	1	
MEMPHIS,TN	LAND PURCHASES	243	245	-2						
MEMPHIS,TN	MAIN KITCHEN VENTILATION	421	422	-1	0					
MEMPHIS,TN	REMOD BLDG PSYCH DAY TREATMENT	309	276	28	5			5		
MEMPHIS,TN	EXCAVATE UNDER 1C AND 1D	363	363							
MEMPHIS,TN	DEVELOP PIPE BASEMENT 1C & 1D	222		24	198			2		
MEMPHIS,TN	EXPERIMENTAL ANIMAL ROOM	398		256	142			142		
MIAMI,FL	EXPAND DENTAL	349	349		0					
MIAMI,FL	RETURN 5CD PSYCH BEDS	33			2	30	1	33	31	1
MIAMI,FL	CONVERT BLDG. 889 TO RES	33		33						
MIAMI,FL	ADD 2 ROOMS TO RADIOLOGY	31			1	28	2	31	30	2
MIAMI,FL	RENOVATE ANIMAL AREA	25			1	23	1	25	24	1
MILWAUKEE,WI	MODERNIZE WARDS 6AN&7CS	117	114	2	1			1		
MILWAUKEE,WI	MODERNIZE WARDS 6CS AND 6CN	207	207							
MILWAUKEE,WI	INSTALL TV OUTLET PATIENT RMS B-111 PH 1	26		8	1	16		18	16	
MILWAUKEE,WI	HANDICAPPED BARRIER B-111	215	211	4	0					
MILWAUKEE,WI	MODERNIZE WARD 7AS B-111	100		97	3			3		
MINNEAPOLIS,MN	INSTALL ELEVATORS B-9	199	194	-1	6			6		
MINNEAPOLIS,MN	RMEC TRAINING FACIL ADDN	390	380	8	1			1		
MONTGOMERY,AL	UPDATE WARD AIR EXHAUST	259	258		1			1		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
MONTGOMERY,AL	REFURBISH GROUND FLR B-4	248	239		9		248		
MONTGOMERY,AL	ADP SITE PREPARATION	359	196		163		359		
MONTROSE,NY	FIRE RESISTANCE COMPLIANCE	183	183				183		
MONTROSE,NY	FIRE DAMPERS ALL BLDGS.	341	340		1		341		
MONTROSE,NY	MODERNIZE DIETETICS	395	395				395		
MONTROSE,NY	MODERN PULMONARY FUNCTION	314	314				314		
MONTROSE,NY	ADDNL ELEV, BLDG-14	343	343				343		
MONTROSE,NY	SPRINKLER SYS VAR BLDGS.	453	236		217		453		
MONTROSE,NY	EXPAND AMB CARE	376	33			343	376		
MONTROSE,NY	ADP ROOM	315	298		12	5	315		
MONTROSE,NY	RENOVATE B-7 NURSING STATIONS	30			30		30		
MOUNTAIN HOME,TN	PATIENT PRIVACY B-8	180	180				180		
MOUNTAIN HOME,TN	FIRE AND SAFETY IMPROV. STAIRWELLS/SMOKE DOORS	179	183			-4	179		
MOUNTAIN HOME,TN	INSTALL A/C IN B-37	377	377				377		
MOUNTAIN HOME,TN	EXTEND MEMORIAL AVE	17			17		17		
MURFREESBORO,TN	RENOVATE ARCH BARRIERS	187	187				187		
MURFREESBORO,TN	RENOVATE AND MOD CANTEEN	353	354		-1		353		
MURFREESBORO,TN	ADDN ELEVATOR B-6	22			20	2	22		
MURFREESBORO,TN	FEMALE PRIVACY FACILITEIS	20			20		20		
MUSKOGEE,OK	ADP PREPARATION	116	119		-3		116		
NASHVILLE,TN	CONSERVATION OF ENERGY	221	221				221		
NASHVILLE,TN	RENOVATE AND UPGRADE RENAL DIALYSIS	367	368		-1		367		
NASHVILLE,TN	VA VU CONNECTING CORRIDOR	396	177		219		396		
NASHVILLE,TN	EXPAND CARDIOLOGY SECTION	224	226		-2		224		
NASHVILLE,TN	CREATE SPECIAL PROCEDURES ROOM	168	164		4		168		
NASHVILLE,TN	CORRECT F&S DEFIC. 1ST FLOOR	369	363		6		369		
NASHVILLE,TN	MODIFY EENT AND AUDIOLOGY SPACE	212	209		3		212		
NASHVILLE,TN	CORRECT F&S DEFIC. BASEMENT	250	245		5		250		

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
MONTGOMERY,AL	REFURBISH GROUND FLR B-4	248	19	1	228			228		
MONTGOMERY,AL	ADP SITE PREPARATION	359	191	-0	169			169		
MONTROSE,NY	FIRE RESISTANCE COMPLIANCE	183	24		159			159		
MONTROSE,NY	FIRE DAMPERS ALL BLDGS.	341	337	4	0					
MONTROSE,NY	MODERNIZE DIETETICS	395		44	346	5		351	5	
MONTROSE,NY	MODERN PULMONARY FUNCTION	314	304	10						
MONTROSE,NY	ADDNL ELEV. BLDG-14	343	333	1	9			9		
MONTROSE,NY	SPRINKLER SYS VAR BLDGS.	453	31	409	7	6		13	6	
MONTROSE,NY	EXPAND AMB CARE	376		32	342	2		1	2	
MONTROSE,NY	ADP ROOM	315	268	29	14	4		13	4	
MONTROSE,NY	RENOVATE B-7 NURSING STATIONS	30		11	1	18		19	18	
MOUNTAIN HOME,TN	PATIENT PRIVACY B-8	180	180		0					
MOUNTAIN HOME,TN	FIRE AND SAFETY IMPROV. STAIRWELLS/SMOKE DOORS	179	179	-0				4		
MOUNTAIN HOME,TN	INSTALL A/C IN B-37	377	377		0					
MOUNTAIN HOME,TN	EXTEND MEMORIAL AVE	17		5	12			12		
MURFREESBORO,TN	RENOVATE ARCH BARRIERS	187	187		0					
MURFREESBORO,TN	RENOVATE AND MOD CANTEEN	353	350	3	0					
MURFREESBORO,TN	ADDN ELEVATOR B-6	22		7	15			13		
MURFREESBORO,TN	FEMALE PRIVACY FACILITEIS	20		7	1	13		13	13	
MUSKOGEE,OK	ADP PREPARATION	116	116							
NASHVILLE,TN	CONSERVATION OF ENERGY	221	218		3			3		
NASHVILLE,TN	RENOVATE AND UPGRADE RENAL DIALYSIS	367	364	3	1			1		
NASHVILLE,TN	VA VU CONNECTING CORRIDOR	396		35	28	333		361	333	
NASHVILLE,TN	EXPAND CARDIOLOGY SECTION	224	224		0					
NASHVILLE,TN	CREATE SPECIAL PROCEDURES ROOM	168	161	6	1			1		
NASHVILLE,TN	CORRECT F&S DEFIC. 1ST FLOOR	369	353	7	9			9		
NASHVILLE,TN	MODIFY EENT AND AUDIOLOGY SPACE	212		206	2	4		6	4	
NASHVILLE,TN	CORRECT F&S DEFIC. BASEMENT	250	238	10	2			2		

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
NASHVILLE,TN	ADP SITE PREPARATION FOR DHCP	182	183		-1		182		
NASHVILLE,TN	INSTALL SMOKE DAMPERS HORIZATAL EXITS	331			331		331		
NEW ORLEANS,LA	CONSTR ISOLATION ROOMS	340	319		21		340		
NEW ORLEANS,LA	RENOVATE METABOLOC CLINIC	309	309				309		
NEW ORLEANS,LA	ELIMINATE ARCHITECTURAL BARRIER	35	219		-184		35		
NEW ORLEANS,LA	UPGRADE AOV SYSTEM	158	153		5		158		
NEW ORLEANS,LA	16-BED WARD RENOV PH II FIRE AND SAFETY DEFIC.	381	331		50		381		
NEW ORLEANS,LA	UPGRADE CHASE AND STAIRWELLS	305	305				305		
NEW ORLEANS,LA	ISOLATE EV LOBBY AND PRESSURIZED SHAFT	27			27		27		
NEW ORLEANS,LA	UPGRADE LINEN CHUTE SHAFTS	191	191				191		
NEW YORK,NY	INSTALL SMOKE DET/FIRE DAMPERS IN HVAC SYS	46	34		12		46		
NEW YORK,NY	CONNECT B-1 AND 2	380	377		3		380		
NEW YORK,NY	ADP ROOM	310	371		-202	141	310		
NEW YORK,NY	MODIFY LAUNDRY AREA	370			370		370		
NEW YORK,NY	RELOCATE PERSONNEL SVC.	24			24		24		
NEWINGTON,CT	ANIMAL CARE FACILITY	503	435		20	48	503		
NEWINGTON,CT	LEARNING RESOURCE FACILITY 2ND AND 3RD FL	501	410		38	53	501		
NEWINGTON,CT	RENOVATE DIETETIC KITCHENS B-3	397	397				397		
NEWINGTON,CT	BUILDING MANAGEMENT FACILITY	407	407				407		
NEWINGTON,CT	NEW TRANSFORMER AND FEEDLINE	365	365				365		
NEWINGTON,CT	LARGE ANIMAL CARE FACILTIY	426	426				426		
NEWINGTON,CT	FIRE PROTECTION BLDG.NO.1&2	243	208		35		243		

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
NASHVILLE,TN	ADP SITE PREPARATION FOR DHCP	182	181	1	0					
NASHVILLE,TN	INSTALL SMOKE DAMPERS HORIZATAL EXITS	331		321	9	1		10	1	
NEW ORLEANS,LA	CONSTR ISOLATION ROOMS	340	23	7	303	7		310	7	
NEW ORLEANS,LA	RENOVATE METABOLOC CLINIC	309	310	-0						
NEW ORLEANS,LA	ELIMINATE ARCHITECTURAL BARRIER	35	54	-19	0					
NEW ORLEANS,LA	UPGRADE AOV SYSTEM	158	13	13	132			132		
NEW ORLEANS,LA	16-BED WARD RENOV PH II FIRE AND SAFETY DEFIC.	381	22	18	299	42		341	42	
NEW ORLEANS,LA	UPGRADE CHASE AND STAIRWELLS	305	297	3	5			5		
NEW ORLEANS,LA	ISOLATE EV LOBBY AND PRESSURIZED SHAFT	27		8	1	18		19	18	
NEW ORLEANS,LA	UPGRADE LINEN CHUTE SHAFTS	191	15	13	163			163		
NEW YORK,NY	INSTALL SMOKE DET/FIRE DAMPERS IN HVAC SYS	46		45	1			1		
NEW YORK,NY	CONNECT B-1 AND 2	380	360		20			20		
NEW YORK,NY	ADP ROOM	310	167	2	113	28			28	
NEW YORK,NY	MODIFY LAUNDRY AREA	370		12	347	11		358	11	
NEW YORK,NY	RELOCATE PERSONNEL SVC.	24		6	2	17		18	17	
NEWINGTON,CT	ANIMAL CARE FACILITY	503	431	25	30	17		-1	17	
NEWINGTON,CT	LEARNING RESOURCE FACILITY 2ND AND 3RD FL	501	406	30	26	26	13	12	39	13
NEWINGTON,CT	RENOVATE DIETETIC KITCHENS B-3	397	395	2	1			1		
NEWINGTON,CT	BUILDING MANAGEMENT FACILITY	407	397		10			10		
NEWINGTON,CT	NEW TRANSFORMER AND FEEDLINE	365		25	328	7	4	340	12	4
NEWINGTON,CT	LARGE ANIMAL CARE FACILTIY	426	418	4	4			4		
NEWINGTON,CT	FIRE PROTECTION BLDG.NO.1&2	243	18	218	7			7		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID- ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
NEWINGTON,CT	CONSOLIDATE MED SVC AREA	400	361		39		400		
NEWINGTON,CT	INSTALL OXYGEN MED AIR PATIENT ROOMS	33			33		33		
NEWINGTON,CT	ADP PREPARATION	249	250		-1		249		
NEWINGTON,CT	ADDN TO ROOMS	421	250		171		421		
NEWINGTON,CT	RESEARCH INVESTIGATION LAB B-5A	456	456				456		
NORTH CHICAGO(DOWNEY),IL	A/C PATIENT PRIVACY DINNING RM B-6	428	428				428		
NORTH CHICAGO(DOWNEY),IL	INSTALL ELEVATORS B-46	239	239				239		
NORTH CHICAGO(DOWNEY),IL	REMODEL RESPIRATORY CARE	145	147			-2	145		
NORTH CHICAGO(DOWNEY),IL	EXPAND AND UPGRADE AREA	393	36		357		393		
NORTHAMPTON,MA	INSTALL ELEVATORS B2	300	310		-10		300		
NORTHAMPTON,MA	ADP SITE PREPARATION	157	161		-10	6	157		
NORTHAMPTON,MA	FIRE/SAFETY IMPRGV.	29			29		29		
NORTHPORT,NY	RENOVATE B-20	445	38		407		445		
NORTHPORT,NY	RENOVATE BLDG.NO.9	211	214			-3	211		
NORTHPORT,NY	RENOVATE B-36 WAREHOUSE	339	343		-4		339		
NORTHPORT,NY	TV ANTENNA SYS DISTRI.	392	402		-10		392		
NORTHPORT,NY	INSTALL WELL & WELL HOUSE	284	284				284		
NORTHPORT,NY	RENOV MEDICAL LIBRARY (RMEC)	404	404				404		
NORTHPORT,NY	INSTALL RAPID SAND FILTER	176	160		16		176		
NORTHPORT,NY	ADP EQUIPMENT	265	266		-1		265		
NORTHPORT,NY	ELECTRICAL MODIFICATION	351	386		-35		351		
NORTHPORT,NY	ELEVATORS B-6	288	275		13		288		
NORTHPORT,NY	MODIFY LAUNDRY FACILITY	30	30				30		
NORTHPORT,NY	UPS SYSTEM	22			22		22		
NORTHPORT,NY	TELEPHONE EQUIPMENT ROOM B-200	395			395		395		
OKLAHOMA CITY,OK	CONNECTING BRIDGE	300	340		-40		300		
OKLAHOMA CITY,OK	ADDITIONAL PARKING LOT	344	350		-6		344		
OKLAHOMA CITY,OK	KITCHEN RENOVATION PH 3	305	304		1		305		
OKLAHOMA CITY,OK	CONSOLIDATE REHAB MED	423	350			73	423		
OKLAHOMA CITY,OK	RECREATION BLDG.	575	390			185	575		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS: ACTUAL: THRU 1984	OBLIGATIONS: ACTUAL: FOR 1985	OBLIGATIONS: ESTIMATED: FOR 1986	OBLIGATIONS: ESTIMATED: FOR 1987	OBLIGATIONS: ESTIMATED: FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR: 1985	UNOBLIGATED APPROPRIATION END OF YEAR: 1986	UNOBLIGATED APPROPRIATION END OF YEAR: 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
NEWINGTON,CT	CONSOLIDATE MED SVC AREA	400		30	364	6		370	6	
NEWINGTON,CT	INSTALL OXYGEN MED AIR PATIENT ROOMS	33			31	2		33	2	
NEWINGTON,CT	ADP PREPARATION	249	249							
NEWINGTON,CT	ADDN TO ROOMS	421		411	5	5		10	5	
NEWINGTON,CT	RESEARCH INVESTIGATION LAB B-5A	456	442	11	3			3		
NORTH CHICAGO(DOWNEY),IL	A/C PATIENT PRIVACY DINNING RM B-6	428	415	11	2			2		
NORTH CHICAGO(DOWNEY),IL	INSTALL ELEVATORS B-46	239	236	3	0					
NORTH CHICAGO(DOWNEY),IL	REMODEL RESPIRATORY CARE	145	145	0				2		
NORTH CHICAGO(DOWNEY),IL	EXPAND AND UPGRADE AREA	393	32		13	335	12	361	347	12
NORTHAMPTON,MA	INSTALL ELEVATORS B2	300	302	-2						
NORTHAMPTON,MA	ADP SITE PREPARATION	157	149	-0	7	2		3	2	
NORTHAMPTON,MA	FIRE/SAFETY IMPROV.	29			1	27	1	29	28	1
NORTHPORT,NY	RENOVATE B-20	445	38	406	1			1		
NORTHPORT,NY	RENOVATE BLDG.NO.9	211	211	-1	0			3		
NORTHPORT,NY	RENOVATE B-36 WAREHOUSE	339	339	-0	0					
NORTHPORT,NY	TV ANTENNA SYS DISTRI.	392	391	1	0					
NORTHPORT,NY	INSTALL WELL & WELL HOUSE	284	275	2	7			7		
NORTHPORT,NY	RENOV MEDICAL LIBRARY (RMEC)	404	391	7	6			6		
NORTHPORT,NY	INSTALL RAPID SAND FILTER	176		174	1	1		2	1	
NORTHPORT,NY	ADP EQUIPMENT	265	265							
NORTHPORT,NY	ELECTRICAL MODIFICATION	351		340	3	8		11	8	
NORTHPORT,NY	ELEVATORS B-6	288		281	2	5		7	5	
NORTHPORT,NY	MODIFY LAUNDRY FACILITY	30		28	2			2		
NORTHPORT,NY	UPS SYSTEM	22		21	0	1		1	1	
NORTHPORT,NY	TELEPHONE EQUIPMENT ROOM B-200	395		384	10	1		11	1	
OKLAHOMA CITY,OK	CONNECTING BRIDGE	300	340	-40						
OKLAHOMA CITY,OK	ADDITIONAL PARKING LOT	344	344		0					
OKLAHOMA CITY,OK	KITCHEN RENOVATION PH 3	305	294	11	0					
OKLAHOMA CITY,OK	CONSOLIDATE REHAB MED	423	21	-2	395	8	1	331	9	1
OKLAHOMA CITY,OK	RECREATION BLDG.	575	24	2	543	5	1	364	6	1

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
OKLAHOMA CITY,OK	AUDITORIUM BLDG.	27			27		27		
OKLAHOMA CITY,OK	CORRECT FSES DEFIC.	264	301		-37		264		
PALO ALTO(MPD),CA	A/C PAT BLDG 323 & 324	33			33		33		
PALO ALTO(MPD),CA	EXTEND ENERGY CONTROL CTR	21			21		21		
PALO ALTO(PAD),CA	EXPAND REHAB R+D PH II	430	388			42	430		
PALO ALTO(PAD),CA	PRE AREAS FOR TOXICS AND ADMIX WORK CENTER	21			21		21		
PALO ALTO(PAD),CA	BLIND CENTER LIVING QUARTERS	43	34			9	43		
PALO ALTO(PAD),CA	ALTERATIONS TO ARF	33			33		33		
PALO ALTO(PAD),CA	FEMALE PATIENT PRIVACY	30			30		30		
PALO ALTO(PAD),CA	EXPAND ENERGY MGMT SYS	21			21		21		
PERRY POINT,MD	CANTEEN PATIO HANDICAPPED	223	227		-4		223		
PERRY POINT,MD	RENOVATE AND EXPAND FIRE STATION	412	406		7	-1	412		
PERRY POINT,MD	ADDN ELEVATOR WHSE B-11	305	305				305		
PERRY POINT,MD	RENOVATE BASEMENT 9H CANCELLED		342		-342				
PERRY POINT,MD	AUTOMATIC SPRINKLER B 11A-5H	121	398		-277		121		
PERRY POINT,MD	EXPAND COMPUTER ROOM	240	240				240		
PERRY POINT,MD	NEW BLDG/FILTER PLANT	27			27		27		
PHILADELPHIA,PA	MODERNIZE WD-5 W		326		-326				
PHILADELPHIA,PA	RENOVATE B-4 ATU CANCELLED	24	27		-3		24		
PHILADELPHIA,PA	NEW STRUCTURAL SLAB 9S (SMOKE BARRIER)	132	134		-2		132		
PHILADELPHIA,PA	EXPAND CLINICAL LAB(2S)	400	292			108	400		
PHOENIX,AZ	LIFE SAFETY CODE CORRECTIONS B-1	367	369		-2		367		
PHOENIX,AZ	LAUNDRY ADDITION	284	201		83		284		
PHOENIX,AZ	ADP EQUIPMENT SITE PREPARATION	308	308				308		
PHOENIX,AZ	INSTALL CT SCANNER	145	149		-4		145		
PHOENIX,AZ	ADDITIONAL PARKING SPACES	15			15		15		
PHOENIX,AZ	INCINERATOR AND RECLAIM BOILER	334	334				334		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
		TOTAL ESTI-MATED COST	ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION		THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
OKLAHOMA CITY,OK	AUDITORIUM BLDG.	27		25	2			2		
OKLAHOMA CITY,OK	CORRECT FSES DEFIC.	264	20	237	6	2		7	2	
PALO ALTO(MPD),CA	A/C PAT BLDG 323 8 324	33			2	29	2	33	31	2
PALO ALTO(MPD),CA	EXTEND ENERGY CONTROL CTR	21			1	19	1	21	20	1
PALO ALTO(PAD),CA	EXPAND REMAB R+D PH II	430		33	397			355		
PALO ALTO(PAD),CA	PRE AREAS FOR TOXICS AND ADMIX WORK CENTER	21			1	19	1	21	20	1
PALO ALTO(PAD),CA	BLIND CENTER LIVING QUARTERS	43		10	33			24		
PALO ALTO(PAD),CA	ALTERATIONS TO ARF	33			2	30	1	33	31	1
PALO ALTO(PAD),CA	FEMALE PATIENT PRIVACY	30			1	27	2	30	29	2
PALO ALTO(PAD),CA	EXPAND ENERGY MGMT SYS	21			1	19	1	21	20	1
PERRY POINT,MD	CANTEEN PATIO HANDICAPPED	223	223'	-0	0					
PERRY POINT,MD	RENOVATE AND EXPAND FIRE STATION	412	371	41	0	0		1		
PERRY POINT,MD	ADDN ELEVATOR WHSE B-11	305		25	275	5		280	5	
PERRY POINT,MD	RENOVATE BASEMENT 9H CANCELLED									
PERRY POINT,MD	AUTOMATIC SPRINKLER B 11A-5H	121	28	88	6			6		
PERRY POINT,MD	EXPAND COMPUTER ROOM	240	153	18	69			69		
PERRY POINT,MD	NEW BLDG/FILTER PLANT	27		27						
PHILADELPHIA,PA	MODERNIZE HD-5 H									
PHILADELPHIA,PA	RENOVATE B-4 ATU CANCELLED	24	24							
PHILADELPHIA,PA	NEW STRUCTURAL SLAB 9S (SMOKE BARRIER)	132	130	1	0					
PHILADELPHIA,PA	EXPAND CLINICAL LAB(2S)	400	23	11	358	8		258	8	
PHOENIX,AZ	LIFE SAFETY CODE CORRECTIONS B-1	367	368	-1	0					
PHOENIX,AZ	LAUNDRY ADDITION	284		24	257	3		260	3	
PHOENIX,AZ	ADP EQUIPMENT SITE PREPARATION	308	109	135	64			64		
PHOENIX,AZ	INSTALL CT SCANNER	145	142	3						
PHOENIX,AZ	ADDITIONAL PARKING SPACES	15		5	10			10		
PHOENIX,AZ	INCINERATOR AND RECLAIM BOILER	334			334			334		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

OTHER IMPR (K)-MISC PROJ $100-$500,000

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID- ERATION
PHOENIX,AZ	TELEPHONE SYSTEM REPLACEMENT	303	36			267	303		
PITTSBURGH(HD),PA	CONVERT 16 AND 18 BED WARDS	245	245				245		
PITTSBURGH(HD),PA	REMODEL PATIENT DINING ROOMS	225	227		-2		225		
PITTSBURGH(HD),PA	RENOV. B-13 FOR RESEARCH	34	34				34		
PITTSBURGH(HD),PA	RENOVATE CANTEEN FOR O/P AREA	351	351				351		
PITTSBURGH(HD),PA	RENOVATE OLD OPC FOR ROOMS	374	374				374		
PITTSBURGH(HD),PA	ENCLOSE AREA UNDER PHARM	31			31		31		
PITTSBURGH(HD),PA	RENOVATE DENTAL AREA	301	301				301		
PITTSBURGH(HD),PA	INSTALL ADP COMPUTER	213	215		-2		213		
PITTSBURGH(HD),PA	RENOVATE PAD B-1	272	272				272		
PITTSBURGH(HD),PA	INSTALL TELEPHONE SYS	59			35	24	59		
PITTSBURGH(UD),PA	RENOVATE B-6 ANIMAL RESEARCH		408		-408				
PITTSBURGH(UD),PA	RENOVATE GROUND FLOOR CANTEEN	286	280		6		286		
PITTSBURGH(UD),PA	RENOV. 11TH FLR WARD B1	442	443			-1	442		
PITTSBURGH(UD),PA	UPGRADE DISHWASHING AREA AND PROVIDE CART WASH	146	132		14		146		
PITTSBURGH(UD),PA	RENOVATE PATIENT AREA 9TH FLOOR	181	181				181		
PITTSBURGH(UD),PA	RENOVATE CANTEEN	24			24		24		
PITTSBURGH(UD),PA	RELOCATE LINEN CHUTES	203	203				203		
PITTSBURGH(UD),PA	RENOVATION FOR COMPUTER ROOM	210	210				210		
PITTSBURGH(UD),PA	RENOVATE RESEARCH LABS	392	219		173		392		
POPLAR BLUFF,MO	NEW SUPPLY WAREHOUSE	342	342				342		
POPLAR BLUFF,MO	RENOVATE ICU	317	27		290		317		
POPLAR BLUFF,MO	EXPAND PHARMACY SVC B-1	223	25		188	10	223		
POPLAR BLUFF,MO	INSTALL NEW AIR HANDLING UNIT AND CHILLER	31			31		31		
PRESCOTT,AZ	DIETETIC BLDG. ALTER	33			33		33		
PRESCOTT,AZ	CHAPEL REPLACEMENT	476	34		2	440	476		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
PHOENIX,AZ	TELEPHONE SYSTEM REPLACEMENT	303		36	267	0				
PITTSBURGH(HD),PA	CONVERT 16 AND 18 BED WARDS	245	242	3						
PITTSBURGH(HD),PA	REMODEL PATIENT DINING ROOMS	225	222	3						
PITTSBURGH(HD),PA	RENOV. B-13 FOR RESEARCH	34		13	2	19		21	19	
PITTSBURGH(HD),PA	RENOVATE CANTEEN FOR O/P AREA	351	27	6	309	9		318	9	
PITTSBURGH(HD),PA	RENOVATE OLD OPC FOR ROOMS	374	6		327	41		368	41	
PITTSBURGH(HD),PA	ENCLOSE AREA UNDER PHARM	31			1	28	2	31	30	2
PITTSBURGH(HD),PA	RENOVATE DENTAL AREA	301	25	5	267	4		271	4	
PITTSBURGH(HD),PA	INSTALL ADP COMPUTER	213	204	10						
PITTSBURGH(HD),PA	RENOVATE PAD B-1	272		2	252	19		270	19	
PITTSBURGH(HD),PA	INSTALL TELEPHONE SYS	59			3	55	1	35	56	1
PITTSBURGH(UD),PA	RENOVATE B-6 ANIMAL RESEARCH									
PITTSBURGH(UD),PA	RENOVATE GROUND FLOOR CANTEEN	286	280	7						
PITTSBURGH(UD),PA	RENOV. 11TH FLR WARD B1	442	440	4	-1					
PITTSBURGH(UD),PA	UPGRADE DISHWASHING AREA AND PROVIDE CART WASH	146	129	17						
PITTSBURGH(UD),PA	RENOVATE PATIENT AREA 9TH FLOOR	181	181							
PITTSBURGH(UD),PA	RENOVATE CANTEEN	24			1	22	1	24	23	1
PITTSBURGH(UD),PA	RELOCATE LINEN CHUTES	203		8	190	5		195	5	
PITTSBURGH(UD),PA	RENOVATION FOR COMPUTER ROOM	210	210		0					
PITTSBURGH(UD),PA	RENOVATE RESEARCH LABS	392		32	360			360		
POPLAR BLUFF,MO	NEW SUPPLY WAREHOUSE	342	342		0					
POPLAR BLUFF,MO	RENOVATE ICU	317	24	285	8			8		
POPLAR BLUFF,MO	EXPAND PHARMACY SVC B-1	223	23	185	15			5		
POPLAR BLUFF,MO	INSTALL NEW AIR HANDLING UNIT AND CHILLER	31		10	2	20		21	20	
PRESCOTT,AZ	DIETETIC BLDG. ALTER	33			1	30	1	33	32	1
PRESCOTT,AZ	CHAPEL REPLACEMENT	476	22	14	432	6	3		9	3

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN						
			AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
PRESCOTT,AZ	PREFAB LIBRARY BLDG.	9			9		9		
PROVIDENCE,RI	RENOVATE B-9 FOR RESEARCH	454	424			30	454		
PROVIDENCE,RI	RELOCATE CANTEEN REOPENED	12				12	12		
PROVIDENCE,RI	RENOVATION OF KITCHEN	376	377		-1		376		
PROVIDENCE,RI	RENOV WD-3A	470	411		37	22	470		
PROVIDENCE,RI	REPLACE TELEPHONE SYSTEM	391	386		5		391		
PROVIDENCE,RI	INSTALL ADP SYSTEM	233	182		51		233		
PROVIDENCE,RI	CT SCANNER	28			28		28		
RENO,NV	REMODEL PSYCHIATRIC WARD	368	369		-1		368		
RENO,NV	RENOVATE FOR CT SCANNER	21			21		21		
ROSEBURG,OR	2ND ELEC SVC ENTRANCE	322	338		-16		322		
ROSEBURG,OR	UPDATE SPOT COOL LAUNDRY CANCELLED	4	399			-395	4		
ROSEBURG,OR	ADDN TO WAREHOUSE	430	402		28		430		
ROSEBURG,OR	TELEPHONE SYS CONSTR.	408	33		375		408		
SAGINAW,MI	INSTALL 1,000 KVA TRANSFORMER	93	190		-94	-3	93		
SAGINAW,MI	CLINICAL EXP/ADMIN RELOCATION	14			14		14		
SAGINAW,MI	NUCLEAR MEDICINE NETWORK	24			24		24		
SALEM,VA	REPLACE CHAPEL	435	33		397	5	435		
SALEM,VA	RENOV. ROOMS CLINICS B-12	311	381		-70		311		
SALEM,VA	RENOVATE DENTAL CLINIC	390	397		-7		390		
SALISBURY,NC	RENOVATE BLDG.NO.2-5B	170	161		9		170		
SALISBURY,NC	INNER STAIRWELLS ALL BLDG	131	132		-1		131		
SALISBURY,NC	CONSTR CORRIDOR B 4-19	344	351			-7	344		
SALISBURY,NC	RENOVATE ORAL SURGERY AND XRAY	121	175		-54		121		
SALISBURY,NC	UNIT DOSE RENOVATION	135	135				135		
SALISBURY,NC	GROUND FLOOR ADDN B-2	34			34		34		
SALISBURY,NC	THERAPUTIC POOL AND LOCKER ROOM RENOVATION	340	340				340		
SALT LAKE CITY,UT	REMODEL BLDG.NO.3 PH I		424		-424				
SALT LAKE CITY,UT	REMODEL WARD 1E	423	423				423		
SALT LAKE CITY,UT	REMODEL SUPPORT SPACE 2ND FLOOR B-1		402		-402				

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
PRESCOTT,AZ	PREFAB LIBRARY BLDG.	9			0	8	1	9	9	1
PROVIDENCE,RI	RENOVATE B-9 FOR RESEARCH	454	372	-0	34	34	14	53	48	14
PROVIDENCE,RI	RELOCATE CANTEEN REOPENED	12			1	11	0		11	
PROVIDENCE,RI	RENOVATION OF KITCHEN	376	376	-0						
PROVIDENCE,RI	RENOV WD-3A	470	395	52	13	11		1	11	
PROVIDENCE,RI	REPLACE TELEPHONE SYSTEM	391	375	14	2			2		
PROVIDENCE,RI	INSTALL ADP SYSTEM	233	178	9	46			46		
PROVIDENCE,RI	CT SCANNER	28		10	18			18		
RENO,NV	REMODEL PSYCHIATRIC WARD	368	368		0					
RENO,NV	RENOVATE FOR CT SCANNER	21		6	15			15		
ROSEBURG,OR	2ND ELEC SVC ENTRANCE	322	329	-7	0					
ROSEBURG,OR	UPDATE SPOT COOL LAUNDRY CANCELLED	4		4		0		395		
ROSEBURG,OR	ADDN TO WAREHOUSE	430	32	383	14	1		15	1	
ROSEBURG,OR	TELEPHONE SYS CONSTR.	408		382	9	17		26	17	
SAGINAW,MI	INSTALL 1,000 KVA TRANSFORMER	93	14	80				3		
SAGINAW,MI	CLINICAL EXP/ADMIN RELOCATION	14		4	1	10		11	10	
SAGINAW,MI	NUCLEAR MEDICINE NETWORK	24			1	22	2	24	23	2
SALEM,VA	REPLACE CHAPEL	435	33	393	9			4		
SALEM,VA	RENOV. ROOMS CLINICS B-12	311		303	8			8		
SALEM,VA	RENOVATE DENTAL CLINIC	390	390							
SALISBURY,NC	RENOVATE BLDG.NO.2-5B	170	159	11						
SALISBURY,NC	INNER STAIRWELLS ALL BLDG	131	132	-1						
SALISBURY,NC	CONSTR CORRIDOR B 4-19	344	342	2	0			7		
SALISBURY,NC	RENOVATE ORAL SURGERY AND XRAY	121		117	1	2		4	2	
SALISBURY,NC	UNIT DOSE RENOVATION	135	129	4	2			2		
SALISBURY,NC	GROUND FLOOR ADDN B-2	34		11	2	21		23	21	
SALISBURY,NC	THERAPUTIC POOL AND LOCKER ROOM RENOVATION	340	10	327	3			3		
SALT LAKE CITY,UT	REMODEL BLDG.NO.3 PH I									
SALT LAKE CITY,UT	REMODEL WARD 1E	423	422		1			1		
SALT LAKE CITY,UT	REMODEL SUPPORT SPACE 2ND FLOOR B-1									

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN						
			AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
SALT LAKE CITY,UT	REMODEL NURSING UNITS B-3 PH II	32	32				32		
SALT LAKE CITY,UT	CONSOLIDATE RADILOGY	349	349				349		
SALT LAKE CITY,UT	PAT PRIV, BLDG-3 CANCELLED	36	36				36		
SALT LAKE CITY,UT	CARDIOLOGY RESEARCH ADDN	34			34		34		
SALT LAKE CITY,UT	CONSTR CANTEEN	401	401				401		
SALT LAKE CITY,UT	REMODEL GROUND FLOOR B-1	204	203		1		204		
SALT LAKE CITY,UT	DEVELOP RES LABS, BLDG-2	396	344		52		396		
SALT LAKE CITY,UT	REMODEL B-2 FOR RESEARCH PH II	34	34				34		
SALT LAKE CITY,UT	ENGINEERING STORAGE AND SHOP	33	33				33		
SALT LAKE CITY,UT	EXPAND B-11 FOR MED DIST. OFFICE	32			32		32		
SALT LAKE CITY,UT	REMODEL B-13	32			32		32		
SALT LAKE CITY,UT	AIR CONDITION KITCHEN	28			28		28		
SALT LAKE CITY,UT	RESEARCH PROGRAM B-2	95	34		61		95		
SALT LAKE CITY,UT	HELEICOPTER LANDING PAD	314			314		314		
SAN ANTONIO,TX	EXPAND SICU (4 BEDS)	119	120		-1		119		
SAN ANTONIO,TX	EMERGENCY WATER SUPPLY	183	181		2		183		
SAN ANTONIO,TX	RELOCATE NUCLEAR MEDICINE	273	274		-1		273		
SAN ANTONIO,TX	CONSTR. ELECTROPHYSIOLOGY LAB	135	135				135		
SAN ANTONIO,TX	COMPUTER SUPPORT SECTION	240	241		-1		240		
SAN ANTONIO,TX	OR GAS AND EL TRACKS	256	275		-19		256		
SAN ANTONIO,TX	SECURITY WINDOWS	308	300		8		308		
SAN ANTONIO,TX	NEW TELEPHONE EQUIPMENT ROOM	446	387		16	43	446		
SAN ANTONIO,TX	MOD OF UNIT 2A FOR SCI	28	28				28		
SAN DIEGO,CA	ENCLOSE T AND L CHUTES	352	352				352		
SAN DIEGO,CA	SURGERY CHILLER	410	285		125		410		
SAN DIEGO,CA	ULTRASOUND & ECHOCARDIO. RELOCATION	196	196				196		
SAN DIEGO,CA	FIRE AND SAFETY IMPROV.	201	250		-49		201		
SAN DIEGO,CA	CANTEEN SECURITY EXPAND	22			22		22		
SAN DIEGO,CA	CORRIDOR WALL PROTECTION	313	20		293		313		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS: ACTUAL: THRU 1984	OBLIGATIONS: ACTUAL: FOR 1985	OBLIGATIONS: ESTIMATED: FOR 1986	OBLIGATIONS: ESTIMATED: FOR 1987	OBLIGATIONS: ESTIMATED: FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR: 1985	UNOBLIGATED APPROPRIATION END OF YEAR: 1986	UNOBLIGATED APPROPRIATION END OF YEAR: 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
SALT LAKE CITY,UT	REMODEL NURSING UNITS B-3 PH II	32		27	5			5		
SALT LAKE CITY,UT	CONSOLIDATE RADILOGY	349	339	5	5			5		
SALT LAKE CITY,UT	PAT PRIV, BLDG-3 CANCELLED	36	29		7			7		
SALT LAKE CITY,UT	CARDIOLOGY RESEARCH ADDN	34			2	30	2	34	32	2
SALT LAKE CITY,UT	CONSTR CANTEEN	401			37	344	20	401	364	20
SALT LAKE CITY,UT	REMODEL GROUND FLOOR B-1	204	198	4	2			2		
SALT LAKE CITY,UT	DEVELOP RES LABS, BLDG-2	396	330	57	9			9		
SALT LAKE CITY,UT	REMODEL B-2 FOR RESEARCH PH II	34		34	0					
SALT LAKE CITY,UT	ENGINEERING STORAGE AND SHOP	33		33	0					
SALT LAKE CITY,UT	EXPAND B-11 FOR MED DIST. OFFICE	32			2	29	1	32	30	1
SALT LAKE CITY,UT	REMODEL B-13	32			1	29	2	32	31	2
SALT LAKE CITY,UT	AIR CONDITION KITCHEN	28			1	25	1	28	27	1
SALT LAKE CITY,UT	RESEARCH PROGRAM B-2	95		92	3			3		
SALT LAKE CITY,UT	HELEICOPTER LANDING PAD	314		304	4	6		10	6	
SAN ANTONIO,TX	EXPAND SICU (4 BEDS)	119	116	3	0					
SAN ANTONIO,TX	EMERGENCY WATER SUPPLY	183	164	16	3			3		
SAN ANTONIO,TX	RELOCATE NUCLEAR MEDICINE	273	273		0					
SAN ANTONIO,TX	CONSTR. ELECTROPHYSIOLOGY LAB	135	131	4	0					
SAN ANTONIO,TX	COMPUTER SUPPORT SECTION	240	240							
SAN ANTONIO,TX	OR GAS AND EL TRACKS	256		248	7	1		8	1	
SAN ANTONIO,TX	SECURITY WINDOWS	308		299	9			9		
SAN ANTONIO,TX	NEW TELEPHONE EQUIPMENT ROOM	446	24	334	49	38		45	38	
SAN ANTONIO,TX	MOD OF UNIT 2A FOR SCI	28			2	25	1	28	26	1
SAN DIEGO,CA	ENCLOSE T AND L CHUTES	352	352							
SAN DIEGO,CA	SURGERY CHILLER	410	277	-256	389			389		
SAN DIEGO,CA	ULTRASOUND & ECHOCARDIO. RELOCATION	196	191	6						
SAN DIEGO,CA	FIRE AND SAFETY IMPROV.	201		196	3	3		5	3	
SAN DIEGO,CA	CANTEEN SECURITY EXPAND	22			1	20	1	22	21	1
SAN DIEGO,CA	CORRIDOR WALL PROTECTION	313		299	13	1		14	1	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

OTHER IMPR (K)-MISC PROJ $100-$500,000

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSIDERATION
SAN DIEGO,CA	GEROPSYCHIATRIC UNIT	24			24		24		
SAN DIEGO,CA	RESEARCH EXPANSION 6-E	30			30		30		
SAN DIEGO,CA	RADIOLOGY ROOM FOR SITE PREP	158			158		158		
SAN FRANCISCO,CA	EXPAND CANTEEN DINING ROOM	375	375				375		
SAN FRANCISCO,CA	ENCLOSE STAIRWAYS, BLDG-1,7,8	209	283		-74		209		
SAN FRANCISCO,CA	RELOC RHEUMATOLOGY RES	400	400				400		
SAN FRANCISCO,CA	RENOVATE CANTEEN SERVICE	398	398				398		
SAN FRANCISCO,CA	SPECIAL PROCEDURE ROOM	308	308				308		
SAN FRANCISCO,CA	CORRECT FSES DEFIC.	21			21		21		
SAN JUAN,PR	PROVIDE PROTECTION HAZARD AREA 81	280	280				280		
SAN JUAN,PR	SECONDARY EMERG GEN.	348	348				348		
SAN JUAN,PR	RENOV PHARM AREA, BLDG-1	255	255				255		
SEATTLE,WA	REMODEL 2ND FLOOR B-13 FOR LAB RESEARCH	33			33		33		
SEPULVEDA,CA	PSYCHIATRIC WARD REDESIGN	445	445				445		
SEPULVEDA,CA	EXPAND DIETETIC KITCHEN	412	412				412		
SEPULVEDA,CA	REDESIGN PSY WARD	446	446				446		
SEPULVEDA,CA	PATIENT PRIV. CONVERSION	213	213				213		
SEPULVEDA,CA	CONSTRUCT COMPENSATED WORK THERAPY	27	27				27		
SEPULVEDA,CA	CONVERT WARD 3-6 TO ADMIN	373	320		48	5	373		
SEPULVEDA,CA	UPGRADE VASCULAR SURGERY	10			10		10		
SEPULVEDA,CA	ANIMAL RESEARCH EXPANSION	417	417				417		
SEPULVEDA,CA	ELEVATOR B-1	294	294				294		
SEPULVEDA,CA	INSTALL CT SCANNER	288	230		58		288		
SEPULVEDA,CA	CHILLER/GENERATOR	34			34		34		
SEPULVEDA,CA	COMPUTER CENTER	373	372		1		373		
SEPULVEDA,CA	PRIMATE LABORATORY	16			16		16		
SHERIDAN,WY	CONNECT TO CITY SEWER SYS	238	345		-107		238		
SHERIDAN,WY	CANTEEN SVC, LINEN, AND STORAGE	379	383		-4		379		
SHERIDAN,WY	MODERNIZE LAUNDRY	394	394				394		
SHERIDAN,WY	FIRE SPRINKLER	371	369		2		371		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
SAN DIEGO,CA	GEROPSYCHIATRIC UNIT	24			1	22	2	24	23	2
SAN DIEGO,CA	RESEARCH EXPANSION 6-E	30			1	27	2	30	29	2
SAN DIEGO,CA	RADIOLOGY ROOM FOR SITE PREP	158		137	18	2		21	2	
SAN FRANCISCO,CA	EXPAND CANTEEN DINING ROOM	375	375		0					
SAN FRANCISCO,CA	ENCLOSE STAIRWAYS, BLDG-1,7,8	209	6	198	5			5		
SAN FRANCISCO,CA	RELOC RHEUMATOLOGY RES	400	9	-1	13	369	10	392	379	10
SAN FRANCISCO,CA	RENOVATE CANTEEN SERVICE	398	24		10	350	14	374	364	14
SAN FRANCISCO,CA	SPECIAL PROCEDURE ROOM	308	305	0	2			2		
SAN FRANCISCO,CA	CORRECT FSES DEFIC.	21			0	19	1	21	21	1
SAN JUAN,PR	PROVIDE PROTECTION HAZARD AREA 81	280	14		261	5		266	5	
SAN JUAN,PR	SECONDARY EMERG GEN.	348	343		5			5		
SAN JUAN,PR	RENOV PHARM AREA, BLDG-1	255		240	15			15		
SEATTLE,WA	REMODEL 2ND FLOOR B-13 FOR LAB RESEARCH	33			1	30	2	33	32	2
SEPULVEDA,CA	PSYCHIATRIC WARD REDESIGN	445	433	1	11			11		
SEPULVEDA,CA	EXPAND DIETETIC KITCHEN	412	412							
SEPULVEDA,CA	REDESIGN PSY WARD	446	435	7	5			5		
SEPULVEDA,CA	PATIENT PRIV. CONVERSION	213	215	-1						
SEPULVEDA,CA	CONSTRUCT COMPENSATED WORK THERAPY	27	27		0					
SEPULVEDA,CA	CONVERT WARD 3-6 TO ADMIN	373	38	320	15			10		
SEPULVEDA,CA	UPGRADE VASCULAR SURGERY	10			0	9	1	10	10	1
SEPULVEDA,CA	ANIMAL RESEARCH EXPANSION	417	43		362	11	1	374	12	1
SEPULVEDA,CA	ELEVATOR B-1	294			23	263	9	294	271	9
SEPULVEDA,CA	INSTALL CT SCANNER	288	230	49	7	2		9	2	
SEPULVEDA,CA	CHILLER/GENERATOR	34		15	1	18		19	18	
SEPULVEDA,CA	COMPUTER CENTER	373	372	0	1			1		
SEPULVEDA,CA	PRIMATE LABORATORY	16			1	14	1	16	15	1
SHERIDAN,WY	CONNECT TO CITY SEWER SYS	238	323	-85						
SHERIDAN,WY	CANTEEN SVC, LINEN, AND STORAGE	379	380	-1						
SHERIDAN,WY	MODERNIZE LAUNDRY	394			33	361		394	361	
SHERIDAN,WY	FIRE SPRINKLER	371	350	16	5			5		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
SHERIDAN,WY	WATER FILTERATION PLANT	363	363				363		
SHERIDAN,WY	CORRIDORS BLDGS.3,4,64	371	371				371		
SHERIDAN,WY	HANDICAPPED ACCESS ELEVATOR B-4	197	197				197		
SHERIDAN,WY	RENOVATE BLDG.11 FOR ROOM	244	348			-104	244		
SHREVEPORT,LA	ANIMAL RESEARCH AND SHELTER MODULAR BLDG.		34		-34				
SHREVEPORT,LA	PATIENT PRIV. 16-BED WARD	404	417		-13		404		
SHREVEPORT,LA	MODIFY NURSES STATION	38			34	4	38		
SIOUX FALLS,SD	EXPAND/REMODEL DENTAL SVC	26			26		26		
SOMERVILLE,NJ	INSTALL SPRINKLERS SYS BLDG-7	375	383		-8		375		
SPOKANE,WA	SUPPLY STORAGE BLDG.		413		-413				
SPOKANE,WA	RENOVATE LAUNDRY	459	459				459		
SPOKANE,WA	FIRE AND SAFETY IMPROV. BLDGS. 1,2 AND3	347	347				347		
SPOKANE,WA	CORR HVAC/JCAH IMPROV.	440	440				440		
SPOKANE,WA	CORRECT VENTILATION DEFIC PATIENT WDS, BLDG-1	423	421			2	423		
SPOKANE,WA	EXPAND/RENOV CANTEEN	14			14		14		
SPOKANE,WA	CORR VAR DEF, PAT WDS BLDG-1, PH-2	334	37		279	18	334		
SPOKANE,WA	CORR HVAC/JCAH DEFIC PH 2	372	370		2		372		
SPOKANE,WA	CORR PAT PRIV DEF B-1	422	391		31		422		
SPOKANE,WA	ADD HVAC 3RD FLOOR B-1	32			32		32		
ST CLOUD,MN	REPLACE T-BLDGS WITH RECREATION BLDG.	307	309		-2		307		
ST CLOUD,MN	REPLACE CONNECTING CORR. AND PORTION B-47	356	32		324		356		
ST CLOUD,MN	ENCLOSE LOADING DOCK INSTALL ELEVATOR B-4	163	165		-2		163		
ST CLOUD,MN	EXPAND LAUNDRY WASHROOM B-59	134	133		1		134		
ST.LOUIS(JB),MO	REMODEL SPD BES 1	367	375		-8		367		
ST.LOUIS(JB),MO	REMODEL 1ST FLOOR B-3	31	30		1		31		
ST.LOUIS(JB),MO	RENOV 2ND FLR, BLDG-2, EDUC (RMEC)	439	389		50		439		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
SHERIDAN,WY	WATER FILTERATION PLANT	363	39	-2	9	313	3	326	316	3
SHERIDAN,WY	CORRIDORS BLDGS.3,4,64	371		368	3			3		
SHERIDAN,WY	HANDICAPPED ACCESS									
	ELEVATOR B-4	197	190	5	2			2		
SHERIDAN,WY	RENOVATE BLDG.11 FOR ROOM	244		0	239	4		348	4	
SHREVEPORT,LA	ANIMAL RESEARCH AND									
	SHELTER MODULAR BLDG.									
SHREVEPORT,LA	PATIENT PRIV. 16-BED WARD	404	405	-0						
SHREVEPORT,LA	MODIFY NURSES STATION	38		10	2	26		24	26	
SIOUX FALLS,SD	EXPAND/REMODEL DENTAL SVC	26		8	18			19		
SOMERVILLE,NJ	INSTALL SPRINKLERS SYS									
	BLDG-7	375	33	329	13			13		
SPOKANE,WA	SUPPLY STORAGE BLDG.									
SPOKANE,WA	RENOVATE LAUNDRY	459	452	-4	11			11		
SPOKANE,WA	FIRE AND SAFETY IMPROV.									
	BLDGS. 1,2 AND3	347	338	1	7			7		
SPOKANE,WA	CORR HVAC/JCAH IMPROV.	440	430	7	3			3		
SPOKANE,WA	CORRECT VENTILATION DEFIC									
	PATIENT WDS, BLDG-1	423	409	11	3	1		1	1	
SPOKANE,WA	EXPAND/RENOV CANTEEN	14		4	1	9		10	9	
SPOKANE,WA	CORR VAR DEF, PAT WDS									
	BLDG-1, PH-2	334	34	282	16	3			3	
SPOKANE,WA	CORR HVAC/JCAH DEFIC PH 2	372	360	10	2			2		
SPOKANE,WA	CORR PAT PRIV DEF B-1	422	379	8	24	12		36	12	
SPOKANE,WA	ADD HVAC 3RD FLOOR B-1	32		13	2	17		19	17	
ST CLOUD,MN	REPLACE T-BLDGS WITH									
	RECREATION BLDG.	307	300	7	0					
ST CLOUD,MN	REPLACE CONNECTING CORR.									
	AND PORTION B-47	356	28	323	5			5		
ST CLOUD,MN	ENCLOSE LOADING DOCK									
	INSTALL ELEVATOR B-4	163	163		0					
ST CLOUD,MN	EXPAND LAUNDRY WASHROOM									
	B-59	134		131	3			3		
ST.LOUIS(JB),MO	REMODEL SPD BES 1	367	373	-5						
ST.LOUIS(JB),MO	REMODEL 1ST FLOOR B-3	31	4	27						
ST.LOUIS(JB),MO	RENOV 2ND FLR, BLDG-2,									
	EDUC (RMEC)	439	33	403	3			3		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
ST.LOUIS(JB),MO	INSTALL ELEVATORS B 2&3	456	457		-1		456		
ST.LOUIS(JB),MO	RENOV CHAPEL, BLDG-64	120	118		2		120		
ST.LOUIS(JB),MO	ADD CANTEEN STORAGE TOILETS LIGHTING	23			23		23		
ST.LOUIS(JB),MO	REMODEL AUDITORIUM B-24	22			22		22		
ST.LOUIS(JB),MO	INSTALL RESEARCH LAB 1E3	353	353				353		
ST.LOUIS(JB),MO	INSTALL WATER LINES	138				138	138		
ST.LOUIS(JCD),MO	CONSTR BLDG. RES LAB-JC		401		-401				
ST.LOUIS(JCD),MO	INSTALL CENTRAL A/C BLDG. 3 AND 4	12			12		12		
ST.LOUIS(JCD),MO	INSTALL SECURITY SYS BLDG. AND GROUND	217	217				217		
ST.LOUIS(JCD),MO	COMPUTER ROOM ADDN B-3	253	192		61		253		
ST.LOUIS(VAH),MO	BMET AND MAS RECORDS RENOVATION	414	408		5	1	414		
ST.LOUIS(VAH),MO	ONCOLOGY SUPPORT LAB RM A-850	233	227		6		233		
SYRACUSE,NY	HEAT RECOVERY SYSTEM	154	267		-113		154		
SYRACUSE,NY	RENOVATE FOR CAT SCANNER	292	288		5	-1	292		
SYRACUSE,NY	RENOVATION FOR COMPUTER CENTER	228	232		-4		228		
TAMPA,FL	ENERGY CONSERVATION RETROFIT	121	32		89		121		
TAMPA,FL	INSTALL SMOKE DAMPERS SMOKE WALLS	192	193		-1		192		
TAMPA,FL	OVERHEAD CROSSOVER WALK TO USF	34			34		34		
TAMPA,FL	SUPPLY WAREHOUSE ADDN BLDG.NO.1	373	373				373		
TAMPA,FL	VARIABLE AIR VOLUME A/C-10 A/C-20	204	204				204		
TAMPA,FL	INSTALL COMPUTER CENTER	189	189				189		
TAMPA,FL	ROOF SAFETY RAILS	113	113				113		
TAMPA,FL	CONSTRUCT SLAB(BMS) B-1	32			32		32		
TAMPA,FL	INSTALL CABLE TRAYS	200	316		-116		200		
TAMPA,FL	CONSTRUCT LOBBY	34			34		34		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
ST.LOUIS(JB),MO	INSTALL ELEVATORS B 283	456	456	0						
ST.LOUIS(JB),MO	RENOV CHAPEL, BLDG-64	120	113	6	0					
ST.LOUIS(JB),MO	ADD CANTEEN STORAGE TOILETS LIGHTING	23		11	12			12		
ST.LOUIS(JB),MO	REMODEL AUDITORIUM B-24	22			21	1		22	1	
ST.LOUIS(JB),MO	INSTALL RESEARCH LAB 1E3	353		5	332	16		348	16	
ST.LOUIS(JB),MO	INSTALL WATER LINES	138			6	124	8		132	8
ST.LOUIS(JCD),MO	CONSTR BLDG. RES LAB-JC									
ST.LOUIS(JCD),MO	INSTALL CENTRAL A/C BLDG. 3 AND 4	12		5	7			7		
ST.LOUIS(JCD),MO	INSTALL SECURITY SYS BLDG. AND GROUND	217		3	205	9		214	9	
ST.LOUIS(JCD),MO	COMPUTER ROOM ADDN B-3	253	16	214	3	19		23	19	
ST.LOUIS(VAH),MO	BMET AND MAS RECORDS RENOVATION	414	395	17	1	0		1		
ST.LOUIS(VAH),MO	ONCOLOGY SUPPORT LAB RM A-850	233	226	8						
SYRACUSE,NY	HEAT RECOVERY SYSTEM	154	260	-106	0					
SYRACUSE,NY	RENOVATE FOR CAT SCANNER	292	262	31				1		
SYRACUSE,NY	RENOVATION FOR COMPUTER CENTER	228	231	-3	0					
TAMPA,FL	ENERGY CONSERVATION RETROFIT	121	27	91	3			3		
TAMPA,FL	INSTALL SMOKE DAMPERS SMOKE WALLS	192	191	0	0					
TAMPA,FL	OVERHEAD CROSSOVER WALK TO USF	34			3	30	1	34	31	1
TAMPA,FL	SUPPLY WAREHOUSE ADDN BLDG.NO.1	373	367	4	1			1		
TAMPA,FL	VARIABLE AIR VOLUME A/C-10 A/C-20	204	21	174	6	3		9	3	
TAMPA,FL	INSTALL COMPUTER CENTER	189	176	13	0					
TAMPA,FL	ROOF SAFETY RAILS	113	7	-2	5	104		109	104	
TAMPA,FL	CONSTRUCT SLAB(BMS) B-1	32		25	0	6		7	6	
TAMPA,FL	INSTALL CABLE TRAYS	200	18	177	2	3	1	5	3	1
TAMPA,FL	CONSTRUCT LOBBY	34			2	30	2	34	32	2

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSIDERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
TEMPLE,TX	CONNECTING CORRIDOR TO B-163N	375	31		344		375		
TEMPLE,TX	EXPAND O/P FACILITIES	403	33		360	10	403		
TEMPLE,TX	CORRECT SAFETY IMPROV.	377	377				377		
TEMPLE,TX	INSTALLATION OF C/T SCANNER	258	258				258		
TEMPLE,TX	INSTALL COMPUTER	378	298		80		378		
TOGUS,ME	RENOVATE WARD 3 N AND WEST B-200	421	421				421		
TOGUS,ME	RENOVATE WARD 5S B-200	339	339				339		
TOGUS,ME	RENOVATE WARD 4S B-200	325	325				325		
TOGUS,ME	RENOV WD-4 N, BLDG-200	371	362		9		371		
TOGUS,ME	ELEV/STAIRTOWER, BLDG-203	355	355				355		
TOGUS,ME	RENOVATE 1ST FLOOR B-205	34	34				34		
TOGUS,ME	RENOVATE 3RD FLOOR B-205	34			34		34		
TOMAH,WI	METAL STORAGE BLDG.	177				177	177		
TOMAH,WI	CONSOLIDATE O/P CLINIC	317	23		294		317		
TOMAH,WI	ENCLOSE RECEIVING DOCK B-402	218	219		-1		218		
TOMAH,WI	RELOCATE P.T. AND HYDRO	167	150		17		167		
TOPEKA,KS	MEDICAL GAS OUTLET B-1	294	294				294		
TOPEKA,KS	RELOCATE NHC	459	460		-1		459		
TOPEKA,KS	ENERGY MGT SYS B-40	427	383		44		427		
TOPEKA,KS	RENOVATE PL 3 PT AND AMBULANCE ENTRANCE	424	424				424		
TOPEKA,KS	MODIFY BASEMENT B-1 LAUNDRY OPS	194	194				194		
TOPEKA,KS	COMPUTER ROOM B-1	337	337				337		
TOPEKA,KS	HANDICAP TOILETS,WATER FOUNT,RAMPS ALL BLDGS.	32			32		32		
TOPEKA,KS	INSTALL AOV B-9	30			30		30		
TOPEKA,KS	RENOVATE FOR CT SCANNER	21			21		21		
TUCSON,AZ	ADDITION BLDG.56 RESEARCH	17			17		17		
TUCSON,AZ	CANTEEN ADDITION	360	24		336		360		
TUCSON,AZ	MICROCIRCULATORY LAB	454	34		420		454		
TUCSON,AZ	UPGRADE/EXPAND JC-80 CONTROLS	339	339				339		

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
TEMPLE,TX	CONNECTING CORRIDOR TO B-163N	375		364	7	4		11	4	
TEMPLE,TX	EXPAND O/P FACILITIES	403		383	2	13	5	10	18	5
TEMPLE,TX	CORRECT SAFETY IMPROV.	377	26	-6	10	340	7	356	347	7
TEMPLE,TX	INSTALLATION OF C/T SCANNER	258	195	1	62			62		
TEMPLE,TX	INSTALL COMPUTER	378	286	12	80			80		
TOGUS,ME	RENOVATE WARD 3 N AND WEST B-200	421	421		0					
TOGUS,ME	RENOVATE WARD 5S B-200	339	336	2	1			1		
TOGUS,ME	RENOVATE WARD 4S B-200	325	319	5	2			2		
TOGUS,ME	RENOV WD-4 N, BLDG-200	371	350	21						
TOGUS,ME	ELEV/STAIRTOWER, BLDG-203	355	345	-14	24			24		
TOGUS,ME	RENOVATE 1ST FLOOR B-205	34	10	22	1			1		
TOGUS,ME	RENOVATE 3RD FLOOR B-205	34		11	2	21		23	21	
TOMAH,WI	METAL STORAGE BLDG.	177			164	12	1		13	1
TOMAH,WI	CONSOLIDATE O/P CLINIC	317	8	297	12			12		
TOMAH,WI	ENCLOSE RECEIVING DOCK B-402	218	218		0					
TOMAH,WI	RELOCATE P T. AND HYDRO	167		164	3	0		3		
TOPEKA,KS	MEDICAL GAS OUTLET B-1	294	286	8						
TOPEKA,KS	RELOCATE NHC	459	459	-1	0					
TOPEKA,KS	ENERGY MGT SYS B-40	427	22	394	4	7		11	7	
TOPEKA,KS	RENOVATE PL 3 PT AND AMBULANCE ENTRANCE	424	412	11	1			1		
TOPEKA,KS	MODIFY BASEMENT B-1 LAUNDRY OPS	194	194		0					
TOPEKA,KS	COMPUTER ROOM B-1	337	320	16	0					
TOPEKA,KS	HANDICAP TOILETS,WATER FOUNT,RAMPS ALL BLDGS.	32		31	1			1		
TOPEKA,KS	INSTALL AOV B-9	30		28	2			2		
TOPEKA,KS	RENOVATE FOR CT SCANNER	21		21	0					
TUCSON,AZ	ADDITION BLDG.56 RESEARCH	17		2	15			15		
TUCSON,AZ	CANTEEN ADDITION	360	23	326	11			11		
TUCSON,AZ	MICROCIRCULATORY LAB	454	3	439	4	8		12	8	
TUCSON,AZ	UPGRADE/EXPAND JC-80 CONTROLS	339	330	5	5			5		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
TUCSON,AZ	RENOVATE 4TH FLOOR B-2	237	154		83		237		
TUCSON,AZ	FIRE AND SAFETY CORRECTION B-30	403	376		27		403		
TUCSON,AZ	ADP SITE PREPARATION	223	223				223		
TUCSON,AZ	ADD REMOTE CONTROL PTS	15			14	1	15		
TUSCALOOSA,AL	ADDITION TO LAUNDRY	408	239		169		408		
TUSCALOOSA,AL	EMERGENCY GENERATOR BLDG-33,39,40,2,28	292	33		259		292		
TUSCALOOSA,AL	INSTALL SOLID WASTE HEAT RECOVERY INCINERATOR		35		-35				
TUSCALOOSA,AL	INSTALL SPRINKLER AND SMOKE DETECTORS	160			160		160		
TUSKEGEE,AL	PAT PRIV. BLDG-4A	339	30		-1	310	339		
TUSKEGEE,AL	KITCHEN AND DINING FACILITIES B-50-1	143	143				143		
TUSKEGEE,AL	ADP SITE PREPARATION	278	248		30		278		
TUSKEGEE,AL	ELEVATORS B-68	24			24		24		
WACO,TX	NEW SUPPLY WAREHOUSE	390	394		-4		390		
WACO,TX	ADP SITE PREPARATION	317	325			-8	317		
WACO,TX	RENOVATE B-12 ADMIN AND ACILLIARY SVC	34	34				34		
WACO,TX	RENOVATE LAUNDRY BLDG. FOR NEW EQUIPMENT	279	22		257		279		
WALLA WALLA,WA	PATIENT PRIVACY AND SUPPORT SYSTEMS	359	369		-10		359		
WALLA WALLA,WA	RENOVATE B-69	356			356		356		
WASHINGTON,DC	ADMIN SERVICE RENOV.	93	93				93		
WASHINGTON,DC	EXPAND WAREHOUSE	296	296				296		
WASHINGTON,DC	INSTALL ENERGY RUN-AROUND SYSTEM (RES BLDG)	166	143		23		166		
WASHINGTON,DC	RENOVATE SPACE (LAB EXPANSION)	355	355				355		
WASHINGTON,DC	RENOVATE SPACE RADIOLOGY EXPANSION	302	302				302		
WASHINGTON,DC	CONVERT TO VARIABLE AIR VOLUME SYS	437	437				437		
WASHINGTON,DC	ENCLOSE C ROOF FOR FUTURE ADP FACILITY	341	333		8		341		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

OTHER IMPR (K)-MISC PROJ $100-$500,000

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
TUCSON,AZ	RENOVATE 4TH FLOOR B-2	237		231	6			6		
TUCSON,AZ	FIRE AND SAFETY CORRECTION B-30	403		392	4	8		11	8	
TUCSON,AZ	ADP SITE PREPARATION	223	192	31	0					
TUCSON,AZ	ADD REMOTE CONTROL PTS	15			0	14	1	14	15	1
TUSCALOOSA,AL	ADDITION TO LAUNDRY	408	36	361	5	5		11	5	
TUSCALOOSA,AL	EMERGENCY GENERATOR BLDG-33,39,40,2,28	292	26	258	8			8		
TUSCALOOSA,AL	INSTALL SOLID WASTE HEAT RECOVERY INCINERATOR									
TUSCALOOSA,AL	INSTALL SPRINKLER AND SMOKE DETECTORS	160			11	144	5	160	149	5
TUSKEGEE,AL	PAT PRIV. BLDG-4A	339	27		307	5		2	5	
TUSKEGEE,AL	KITCHEN AND DINING FACILITIES B-50-1	143		12	131			131		
TUSKEGEE,AL	ADP SITE PREPARATION	278	224	24	30			30		
TUSKEGEE,AL	ELEVATORS B-68	24			0	22	2	24	24	2
WACO,TX	NEW SUPPLY WAREHOUSE	390	390	-1	0					
WACO,TX	ADP SITE PREPARATION	317	182	135	0			8		
WACO,TX	RENOVATE B-12 ADMIN AND ACILLIARY SVC	34	33		1			1		
WACO,TX	RENOVATE LAUNDRY BLDG. FOR NEW EQUIPMENT	279	20		243	16		259	16	
WALLA WALLA,WA	PATIENT PRIVACY AND SUPPORT SYSTEMS	359	361	-2	0					
WALLA WALLA,WA	RENOVATE B-69	356		345	8	2		11	2	
WASHINGTON,DC	ADMIN SERVICE RENOV.	93	93							
WASHINGTON,DC	EXPAND WAREHOUSE	296	283		13			13		
WASHINGTON,DC	INSTALL ENERGY RUN-AROUND SYSTEM (RES BLDG)	166		159	7			7		
WASHINGTON,DC	RENOVATE SPACE (LAB EXPANSION)	355		9	331	15		346	15	
WASHINGTON,DC	RENOVATE SPACE RADIOLOGY EXPANSION	302		22	272	8		280	8	
WASHINGTON,DC	CONVERT TO VARIABLE AIR VOLUME SYS	437	34	388	15			15		
WASHINGTON,DC	ENCLOSE C ROOF FOR FUTURE ADP FACILITY	341	324	14	2			2		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
WASHINGTON,DC	FIRST STREET ROADWAY IMPROV.	352			352		352		
WEST HAVEN,CT	WAREHOUSE ADDITION	34	34				34		
WEST HAVEN,CT	REMODEL B-8 FO CSPCC	37	37				37		
WEST HAVEN,CT	SPD EXPANSION	384	251		133		384		
WEST HAVEN,CT	ADP CENTER	377	340		37		377		
WEST HAVEN,CT	INSTALL CAT SCANNER	455	427		30	-2	455		
WEST HAVEN,CT	WAREHOUSE CONVERSION	261	391		-130		261		
WEST LOS ANGELES(BW),CA	B-208E LIVING SKILLS AND EDUCATIONAL THERAPY	184	175		9		184		
WEST LOS ANGELES(BW),CA	PATIENT LIBRARY B-208	309	319		-10		309		
WEST LOS ANGELES(WAD),CA	ANIMAL SURGICAL SUITE	456	447		9		456		
WEST LOS ANGELES(WAD),CA	INSTALL VAR SPEED CONTROL	258	133		125		258		
WEST LOS ANGELES(WAD),CA	ELIMATE DEADEND CORRIDOR BLDG-209	137	172		-35		137		
WEST LOS ANGELES(WAD),CA	REPLACE BLDG--T-54	455	390		65		455		
WEST LOS ANGELES, CA	REMODEL B-256 FOR MEDICAL WARD REOPENED	11			11		11		
WEST LOS ANGELES, CA	B-257 REMODEL BSMT,DRUG TREATMENT CLINIC	28			28		28		
WEST LOS ANGELES, CA	ADDN FOR ROOMS FURNITURE SHOPS	161	192		-31		161		
WEST LOS ANGELES, CA	REMODEL 1ST FLOOR BLDG. 205 FOR PATIENT PRIVACY	144	274		-130		144		
WEST LOS ANGELES, CA	ENERGY MGT.SYS BLDG.	32	32				32		
WEST LOS ANGELES, CA	BLDG. 500 REMODEL GASTROENTEROLOGY	23			23		23		
WEST LOS ANGELES, CA	FIRE ALARM SYSTEM	27			27		27		
WHITE CITY,OR	RENOVATE B-206S P/M QUARTERS	255	259		-4		255		
WHITE CITY,OR	RENOVATE B-206N P/M QUARTERS	251	255		-4		251		
WHITE CITY,OR	RENOVATE B-205-S	47	34		13		47		
WHITE CITY,OR	RENOV BLDG-205 N (P/M QTRS)	298	36		262		298		
WHITE CITY,OR	RENOVATE B-206N (P/M QTRS)	34			34		34		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
WASHINGTON, DC	FIRST STREET ROADWAY IMPROV.	352			27	301	24	352	325	24
WEST HAVEN, CT	WAREHOUSE ADDITION	34	34		0					
WEST HAVEN, CT	REMODEL B-8 FO CSPCC	37	34		3			3		
WEST HAVEN, CT	SPD EXPANSION	384	21	351	5	6		12	6	
WEST HAVEN, CT	ADP CENTER	377	335	5	37			37		
WEST HAVEN, CT	INSTALL CAT SCANNER	455	414	42				2		
WEST HAVEN, CT	WAREHOUSE CONVERSION	261		253	4	4		8	4	
WEST LOS ANGELES(BW), CA	B-208E LIVING SKILLS AND EDUCATIONAL THERAPY	184	175	9	0					
WEST LOS ANGELES(BW), CA	PATIENT LIBRARY B-208	309	309	0						
WEST LOS ANGELES(WAD), CA	ANIMAL SURGICAL SUITE	456	447	9						
WEST LOS ANGELES(WAD), CA	INSTALL VAR SPEED CONTROL	258	16	235	7			7		
WEST LOS ANGELES(WAD), CA	ELIMATE DEADEND CORRIDOR BLDG-209	137	12	121	4			4		
WEST LOS ANGELES(WAD), CA	REPLACE BLDG--T-54	455	33	409	13			13		
WEST LOS ANGELES, CA	REMODEL B-256 FOR MEDICAL WARD REOPENED	11		11	0					
WEST LOS ANGELES, CA	B-257 REMODEL BSMT. DRUG TREATMENT CLINIC	28			1	25	2	28	27	2
WEST LOS ANGELES, CA	ADDN FOR ROOMS FURNITURE SHOPS	161		155	2	4		6	4	
WEST LOS ANGELES, CA	REMODEL 1ST FLOOR BLDG. 205 FOR PATIENT PRIVACY	144		140	4			4		
WEST LOS ANGELES, CA	ENERGY MGT. SYS BLDG.	32		30	2			2		
WEST LOS ANGELES, CA	BLDG. 500 REMODEL GASTROENTEROLOGY	23			0	21	2	23	23	2
WEST LOS ANGELES, CA	FIRE ALARM SYSTEM	27			1	25	2	27	26	2
WHITE CITY, OR	RENOVATE B-206S P/M QUARTERS	255	255	1						
WHITE CITY, OR	RENOVATE B-206N P/M QUARTERS	251	250	1	0					
WHITE CITY, OR	RENOVATE B-205-S	47		42	5			5		
WHITE CITY, OR	RENOV BLDG-205 N (P/M QTRS)	298	32	260	5			5		
WHITE CITY, OR	RENOVATE B-206N (P/M QTRS)	34		34	0					

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN						
			AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
WHITE CITY,OR	RENOVATE BLDG.206S	34			34		34		
WHITE CITY,OR	RENOVATE B-224 1ST FLOOR (TRAN LIVING QTRS)	306	299		7		306		
WHITE CITY,OR	RENOVATE/CLINIC ADDN B-201 OPC	32			32		32		
WHITE CITY,OR	REMODEL B-202 OFFICES	26			26		26		
WHITE RIVER JUNCTION,VT	EXPAND PATHOLOGY	283	285		-2		283		
WHITE RIVER JUNCTION,VT	TEMPORARY RESEARCH BLDG.	440	440				440		
WHITE RIVER JUNCTION,VT	RELOCATE CANTEEN B-8	405	408		-3		405		
WHITE RIVER JUNCTION,VT	DAY TREATMENT	15			15		15		
WHITE RIVER JUNCTION,VT	FIRE AND SAFETY B-28	364	240		5	119	364		
WHITE RIVER JUNCTION,VT	DAY ROOM ADDN B-31	115	125		-10		115		
WHITE RIVER JUNCTION,VT	CT SCANNER	18			18		18		
WICHITA,KS	EXPAND BOILER PLANT BLDG.NO.13	296	296				296		
WICHITA,KS	REMODEL B-4 CHAPEL AND VOLUNTARY SVC	227	21		190	16	227		
WICHITA,KS	ELEVATOR AND DOCK B-34	289	192		97		289		
WICHITA,KS	COMPUTER ROOM	178	110		68		178		
WICHITA,KS	MEDICA ICU B-2	419	29		390		419		
WICHITA,KS	MED TESTING AND SURGERY OFFICE B-1	446	183		263		446		
WICHITA,KS	FSES CORRECTIONS BLDGS. 2,3 & 26	13			13		13		
WICHITA,KS	REMODEL REHAB MED B-1	18			18		18		
WICHITA,KS	REMODEL B-5 FOR RESEARCH	33			33		33		
WILKES-BARRE,PA	ALTER TO LOADING DOCK	167	167				167		
WILKES-BARRE,PA	RECOVERY ROOM RELOCATION	212	293		-88	7	212		
WILKES-BARRE,PA	HEMODIAYLIS	360			360		360		
WILKES-BARRE,PA	SPRINKLER SYS BLDGS. 8,11 AND 12	11			11		11		
WILKES-BARRE,PA	CAT SCANNER INSTALLATION	23			23		23		
WILMINGTON,DE	RENOVATE THREE NURSES STATIONS	225	225				225		
WILMINGTON,DE	PROVIDE WAREHOUSE ACCESS	195	194		1		195		
WILMINGTON,DE	ADDN AOV TO PATIENT RMS	23	20		3		23		
WILMINGTON,DE	HENODIALYSIS UNIT	33			31	2	33		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
WHITE CITY,OR	RENOVATE BLDG.206S	34		31	3			3		
WHITE CITY,OR	RENOVATE B-224 1ST FLOOR (TRAN LIVING QTRS)	306	291	12	3			3		
WHITE CITY,OR	RENOVATE/CLINIC ADDN B-201 OPC	32		31	0	1		1	1	
WHITE CITY,OR	REMODEL B-202 OFFICES	26			2	23	1	26	24	1
WHITE RIVER JUNCTION,VT	EXPAND PATHOLOGY	283	284	-1	0					
WHITE RIVER JUNCTION,VT	TEMPORARY RESEARCH BLDG.	440	439	0	0	0				
WHITE RIVER JUNCTION,VT	RELOCATE CANTEEN B-8	405	407	-2						
WHITE RIVER JUNCTION,VT	DAY TREATMENT	15		15	0					
WHITE RIVER JUNCTION,VT	FIRE AND SAFETY B-28	364	235	8	121			2		
WHITE RIVER JUNCTION,VT	DAY ROOM ADDN B-31	115		112	1	2		3	2	
WHITE RIVER JUNCTION,VT	CT SCANNER	18			17	1		18	1	
WICHITA,KS	EXPAND BOILER PLANT BLDG NO.13	296	294		2			2		
WICHITA,KS	REMODEL B-4 CHAPEL AND VOLUNIARY SVC	227	21	184	13	9		6	9	
WICHITA,KS	ELEVATOR AND DOCK B-34	289		279	10			10		
WICHITA,KS	COMPUTER ROOM	178	101	77	0					
WICHITA,KS	MEDICA ICU B-2	419	25	375	1	10	8	19	18	8
WICHITA,KS	MED TESTING AND SURGERY OFFICE B-1	446		434	6	7		12	7	
WICHITA,KS	FSES CORRECTIONS BLDGS. 2,3 & 26	13		3	1	9		10	9	
WICHITA,KS	REMODEL REHAB MED B-1	18		2	1	14		16	14	
WICHITA,KS	REMODEL B-5 FOR RESEARCH	33		4	2	27		29	27	
WILKES-BARRE,PA	ALTER TO LOADING DOCK	167	166	0	0					
WILKES-BARRE,PA	RECOVERY ROOM RELOCATION	212	26	179	6	1			1	
WILKES-BARRE,PA	HEMODIAYLIS	360		31	329			329		
WILKES-BARRE,PA	SPRINKLER SYS BLDGS. 8,11 AND 12	11		3	1	7		8	7	
WILMINGTON,DE	CAT SCANNER INSTALLATION	23		3	20			20		
WILMINGTON,DE	RENOVATE THREE NURSES STATIONS	225	224	-1	2			2		
WILMINGTON,DE	PROVIDE WAREHOUSE ACCESS	195	187	8	0					
WILMINGTON,DE	ADDN AOV TO PATIENT RMS	23		23	0			1		
WILMINGTON,DE	HEMODIALYSIS UNIT	33		6	27			25		

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (K)-MISC PROJ $100-$500,000									
WILMINGTON, DE	RESPIRATORY CARE UNIT	39			27	12	39		
WILMINGTON, DE	INSTALL CT SCANNER	28			28		28		
VARIOUS STATIONS	FY81 PROGRAM BALANCE		76		-75	-1			
VARIOUS STATIONS	FY82 PROGRAM BALANCE		471		-326	-145			
VARIOUS STATIONS	FY83 PROGRAM BALANCE	30	452		-452	30	30		
VARIOUS STATIONS	FY84 PROGRAM BALANCE	712	1,796		-78	-1,006	712		
VARIOUS STATIONS	FY85 PROGRAM BALANCE	4,995	28,472		-21,922	-1,555	4,995		
VARIOUS STATIONS	FY86 PROGRAM BALANCE	29,779		34,000		-4,221	29,779		
SUBTOTAL (921)		262628	206611	34000			240611	22017	

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CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
OTHER IMPR (K)-MISC PROJ $100-$500,000										
WILMINGTON,DE	RESPIRATORY CARE UNIT	39		6	33			21		
WILMINGTON,DE	INSTALL CT SCANNER	28			26	2		28	2	
VARIOUS STATIONS	FY81 PROGRAM BALANCE							1		
VARIOUS STATIONS	FY82 PROGRAM BALANCE							145		
VARIOUS STATIONS	FY83 PROGRAM BALANCE	30			23	6	1		7	1
VARIOUS STATIONS	FY84 PROGRAM BALANCE	712			5	61	646	1,718	707	646
VARIOUS STATIONS	FY85 PROGRAM BALANCE	4,995			36	428	4,531	6,550	4,959	4,531
VARIOUS STATIONS	FY86 PROGRAM BALANCE	29,779			7,132	13,326	9,321		22,647	9,321
SUBTOTAL (921)		262628	109914	46484	44830	31546	29880	50209	39405	29882

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
OTHER IMPR (L)-WORKING RESERVE									
VARIOUS STATIONS	MINOR WORKING RESERVE BALANCE	3,980	941		-1	3,040	3,980		
SUBTOTAL (1)		3980	941		-1	3040	3980		
SUBTOTAL, OTHER IMPROVEMENTS (1282)		658992	528979	77136	7	2993	609115	49877	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
OTHER IMPR (L)-WORKING RESERVE										
VARIOUS STATIONS	MINOR WORKING RESERVE BALANCE	3,980					3,980	940	3,980	3,980
SUBTOTAL (1)		3980					3980	940	3980	3980
SUBTOTAL, OTHER IMPROVEMENTS (1282)		658992	209410	81855	106160	136562	125033	237715	211721	125032

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSIDERATION
NATIONAL CEMETERIES									
VARIOUS STATIONS	FY87 REQUEST	3,000						3,000	
ATLANTA,GA	DELEGATION OF AUTHORITY TO STAFF OFFICES	5				5	5		
BATH,NY	DEVELOP 6500 GRAVESITES	330			330		330		
BATH,NY	CONSTR ADMIN/SVC BLDG.	400	400				400		
BAY PINES,FL	NEW FLAG POLE	27			27		27		
BAY PINES,FL	MAINTENCE STORAGE FACILITY	25			25		25		
BILOXI(BD),MS	DEVELOP DESIGNATED AREAS	352	353			-1	352		
BILOXI(BD),MS	CONST. ADMIN/SVC BLDG. COMMITAL SHELTER	400			400		400		
CHATTANOOGA,TN	RELOCATE DRIVES	36	36				36		
CHATTANOOGA,TN	CONSTRUCT SERVICE BLDG.	817	817				817		
CHATTANOOGA,TN	5 ACRES DEV NEW ENTR GATE DRIVE	462	462				462		
CHATTANOOGA,TN	POND AND RELATED ROAD AND FILL	942	942				942		
CHATTANOOGA,TN	DRAINAGE IMPROV.	97			97		97		
CULPEPER,VA	FACILITY UPGRADING ENT.DR.DEV BUR	193	236		-43		193		
DAYTON,OH	GRADING GATE FENCE AND LANDSCAPING	306	360		-58	4	306		
DAYTON,OH	FUEL STATION ISLAND UNDERGROUND STORAGE TANKS	19	20		-1		19		
EAGLE POINT NATL CEM, OR	ENTRANCE AND ROADWAYS	246	400		-172	18	246		
EAGLE POINT NATL CEM, OR	ADMIN SVC BLDG.	280	400		-120		280		
FAYETTEVILLE,AR	OFFICE ADDN TO SVC BLDG.	59	70		-11		59		
FLORENCE,SC	DEVELOP 4 ACRES	197	250		-55	2	197		
FORT LOGAN,CO	SERVICE BLDG.	10			10		10		
FORT LOGAN,CO	CONSTR. OMAHA DRIVE AND PROVIDE LANDSCAPING	245			245		245		
FT. GIBSON,OK	CONSTR OFFICE ADDN TO SVC BLDG.	100	100				100		
FT.SAM HOUSTON,TX	SITE DRAINAGE AT RESTROOM BLDG.	12			12		12		
HOUSTON,TX	SERVICE BLDG	166	166				166		
HOUSTON,TX	DEVELOP 15 ACRES FOR BURIAL	479	479				479		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
NATIONAL CEMETERIES										
VARIOUS STATIONS	FY87 REQUEST	3,000				277	2,723			2,723
ATLANTA,GA	DELEGATION OF AUTHORITY TO STAFF OFFICES	5			5	0				
BATH,NY	DEVELOP 6500 GRAVESITES	330			305	25		330	25	
BATH,NY	CONSTR ADMIN/SVC BLDG.	400		4	372	13	11	396	24	11
BAY PINES,FL	NEW FLAG POLE	27		25	2			2		
BAY PINES,FL	MAINTENCE STORAGE FACILITY	25			25	0		25		
BILOXI(BD),MS	DEVELOP DESIGNATED AREAS	352	346	6				1		
BILOXI(BD),MS	CONST. ADMIN/SVC BLDG. COMMITAL SHELTER	400		7	17	356	20	393	376	20
CHATTANOOGA,TN	RELOCATE DRIVES	36	35	-9	9			10		
CHATTANOOGA,TN	CONSTRUCT SERVICE BLDG.	817	777		40			40		
CHATTANOOGA,TN	5 ACRES DEV NEW ENTR GATE DRIVE	462	439		23			23		
CHATTANOOGA,TN	POND AND RELATED ROAD AND FILL	942	894		48			48		
CHATTANOOGA,TN	DRAINAGE IMPROV.	97		94	1	2		3	2	
CULPEPER,VA	FACILITY UPGRADING ENT.DR.DEV BUR	193	198	-5						
DAYTON,OH	GRADING GATE FENCE AND LANDSCAPING	306		259	39	8		43	8	
DAYTON,OH	FUEL STATION ISLAND UNDERGROUND STORAGE TANKS	19	19		0					
EAGLE POINT NATL CEM, OR	ENTRANCE AND ROADWAYS	246	11	215	20			2		
EAGLE POINT NATL CEM, OR	ADMIN SVC BLDG.	280	6	260	14			14		
FAYETTEVILLE,AR	OFFICE ADDN TO SVC BLDG.	59		59	0	0				
FLORENCE,SC	DEVELOP 4 ACRES	197	50	140	7			5		
FORT LOGAN,CO	SERVICE BLDG.	10		4	0	5		6	5	
FORT LOGAN,CO	CONSTR. OMAHA DRIVE AND PROVIDE LANDSCAPING	245		217	17	12		28	12	
FT. GIBSON,OK	CONSTR OFFICE ADDN TO SVC BLDG.	100		4		96		96	96	
FT.SAM HOUSTON,TX	SITE DRAINAGE AT RESTROOM BLDG.	12			12	0		12		
HOUSTON,TX	SERVICE BLDG	166	166		0					
HOUSTON,TX	DEVELOP 15 ACRES FOR BURIAL	479	479							

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
NATIONAL CEMETERIES									
HOUSTON,TX	15 ACRE DEVELOPMENT	392	392				392		
INDIAN TOWN GAP,PA	MAIN ENTRANCE GATE UNDERPASS AND DRIVE	1,050			1,050		1,050		
INDIAN TOWN GAP,PA	COMMITAL SHELTER ALTERATIONS	40				40	40		
JEFFERSON BARRACKS,MO	ENERGY FOR CHAPEL CONSERVATION	168	168				168		
KEOKUK,IA	ENERGY CONSERVATION ADMIN/SVC BLDG.	63			50	13	63		
KNOXVILLE NATL CEM.,TN	DEVELOP NEW GRAVESITES	60	64		-4		60		
LEAVENWORTH,KS	ADMIN BLDG AND ADDN FACILITIES	1,200	1,200				1,200		
LEBANON,PA	DEVELOP 2 ACRES	58	58				58		
LONG ISLAND,NY	INSTALL LAWN IRRIGATION SYSTEM	400	400				400		
LOS ANGELES,CA	MAINTANCE ADDN AND RENOV.	65				65	65		
MARION,IN	DEVELOP 2500 GRAVESITES	50			50		50		
MILWAUKEE,WI	ADMIN SVC BLDG. AN ACREAGE DEVELOPMENT	5				5	5		
MT.HOME NATL CEMETERY,TN	DEVELOP 4 ACRES	73	300		-227		73		
NATCHEZ,MS	PUBLIC REST ROOMS	55	57		-2		55		
NEW ALBANY NATL CEM.,IN	DEVELOP NEW GRAVESITES	49	62		-13		49		
NEW BERN,NC	DEVELOP ONE ACRE	93	93				93		
PHILADELPHIA,PA	DELEGATION OF AUTHORITY FOR STAFF OFFICES	5				5	5		
ROCK ISLAND NATIONAL CEM	CORRECT DRAINAGE AND PROVIDE LANDSCPE SCREEN	214	209		4	1	214		
ROCK ISLAND NATIONAL CEM	CONSTR COMMITTAL SHELTER AND SVC BLDG.ADDN	175			140	35	175		
SAN FRANCISCO,CA	DELEGATION OF AUTHORITY TO STAFF OFFICES	5				5	5		
SAN FRANCISCO,CA	AUTOMATIC IRRIGATION SYS	229	270		-41		229		
SAN JUAN,PR	ADMIN BLDG.	482	474		8		482		
SAN JUAN,PR	PUBLIC RESTROOM BLDG.	149	149				149		
SANTA FE,NM	CONSTR OF DRAINAGE ARROY	82	101		-19		82		
SANTA FE,NM	DEVELOP 13 ACRES	1,400	1,400				1,400		
SITKA,AK	DEVELOP 1300 GRAVESITES	252			252		252		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
NATIONAL CEMETERIES										
HOUSTON,TX	15 ACRE DEVELOPMENT	392		390	2			2		
INDIAN TOWN GAP,PA	MAIN ENTRANCE GATE UNDERPASS AND DRIVE	1,050		72	83	895		978	895	
INDIAN TOWN GAP,PA	COMMITAL SHELTER ALTERATIONS	40			37	3	0		3	
JEFFERSON BARRACKS,MO	ENERGY FOR CHAPEL CONSERVATION	168	168							
KEOKUK,IA	ENERGY CONSERVATION ADMIN/SVC BLDG.	63			60	3		50	3	
KNOXVILLE NATL CEM.,TN	DEVELOP NEW GRAVESITES	60		58	2			2		
LEAVENWORTH,KS	ADMIN BLDG AND ADDN FACILITIES	1,200			81	993	126	1,200	1,119	126
LEBANON,PA	DEVELOP 2 ACRES	58	55		3			3		
LONG ISLAND,NY	INSTALL LAWN IRRIGATION SYSTEM	400		9	360	15	17	392	32	17
LOS ANGELES,CA	MAINTANCE ADDN AND RENOV.	65			60	4	1		5	1
MARION,IN	DEVELOP 2500 GRAVESITES	50		8	42			42		
MILWAUKEE,WI	ADMIN SVC BLDG. AN ACREAGE DEVELOPMENT	5			5	0	0			
MT.HOME NATL CEMETERY,TN	DEVELOP 4 ACRES	73	30	41	1			1		
NATCHEZ,MS	PUBLIC REST ROOMS	55	53	2						
NEW ALBANY NATL CEM.,IN	DEVELOP NEW GRAVESITES	49		46	1	1		3	1	
NEW BERN,NC	DEVELOP ONE ACRE	93		89	4			4		
PHILADELPHIA,PA	DELEGATION OF AUTHORITY FOR STAFF OFFICES	5			5	0				
ROCK ISLAND NATIONAL CEM	CORRECT DRAINAGE AND PROVIDE LANDSCPE SCREEN	214	187	24	2	1		2	1	
ROCK ISLAND NATIONAL CEM	CONSTR COMMITTAL SHELTER AND SVC BLDG.ADDN	175			162	3	11	140	13	11
SAN FRANCISCO,CA	DELEGATION OF AUTHORITY TO STAFF OFFICES	5			5	0				
SAN FRANCISCO,CA	AUTOMATIC IRRIGATION SYS	229	19	195	15			15		
SAN JUAN,PR	ADMIN BLDG.	482	474	-5	12	1		12	1	
SAN JUAN,PR	PUBLIC RESTROOM BLDG.	149	1	3	140	5		145	5	
SANTA FE,NM	CONSTR OF DRAINAGE ARROY	82	82							
SANTA FE,NM	DEVELOP 13 ACRES	1,400	1,347	14	28	11		39	11	
SITKA,AK	DEVELOP 1300 GRAVESITES	252		21	227	2	2	231	4	2

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID- ERATION
NATIONAL CEMETERIES									
SPRINGFIELD,MO	DEVELOP 37 ACRES	293	300		-7		293		
WEST VA NATL CEMETERY,WV	5 ACRES EXPANSION	112			112		112		
WILLAMETTE,OR	COLUMBRIAIRM	721	727		-6		721		
WILLAMETTE,OR	12 NET ACRES PH 7	102	102				102		
WILLAMETTE,OR	DRAINAGE CORRECTION FOR SECTION B,D,G&T	168	225		-57		168		
WOOD,WI	TRANSFER 6+ ACRES FROM DMS		250		-250				
ZACKARY TAYLOR NAT CEM,KY	DEVELOP NEW GRAVESITES	32	48		-22	6	32		
VARIOUS STATIONS	FY81 PROGRAM BALANCE	1,611	1,684		-48	-25	1,611		
VARIOUS STATIONS	FY82 PROGRAM BALANCE	572	30		559	-17	572		
VARIOUS STATIONS	FY84 PROGRAM BALANCE	3,617	3,422		196	-1	3,617		
VARIOUS STATIONS	FY85 PROGRAM BALANCE	4,611	7,075		-2,411	-53	4,611		
VARIOUS STATIONS	FY86 PROGRAM BALANCE	4,296		4,400		-104	4,296		
SUBTOTAL (64)		32154	24751	4400		3	29154	3000	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
NATIONAL CEMETERIES										
SPRINGFIELD,MO	DEVELOP 37 ACRES	293	4	269	7	12		19	12	
WEST VA NATL CEMETERY,WV	5 ACRES EXPANSION	112		112						
WILLAMETTE,OR	COLUMBRIAIRM	721	721							
WILLAMETTE,OR	12 NET ACRES PH 7	102	102			0				
WILLAMETTE,OR	DRAINAGE CORRECTION FOR SECTION B,D,G&T	168		143	10	15		25	15	
WOOD,WI	TRANSFER 6+ ACRES FROM DMS									
ZACKARY TAYLOR NAT CEM,KY	DEVELOP NEW GRAVESITES	32		24	8			2		
VARIOUS STATIONS	FY81 PROGRAM BALANCE	1,611				149	1,462	1,636	1,611	1,462
VARIOUS STATIONS	FY82 PROGRAM BALANCE	572			4	49	519	589	568	519
VARIOUS STATIONS	FY84 PROGRAM BALANCE	3,617			26	310	3,281	3,618	3,591	3,281
VARIOUS STATIONS	FY85 PROGRAM BALANCE	4,611			33	395	4,183	4,664	4,578	4,183
VARIOUS STATIONS	FY86 PROGRAM BALANCE	4,296			31	368	3,897		4,265	3,897
SUBTOTAL (64)		32154	6666	2797	2411	4029	16253	15291	17281	16253

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
STAFF OFFICES									
VARIOUS STATIONS	FY87 REQUEST	5,000						5,000	
AUSTIN,TX	UNINTERRUPTABLE POWER SUPPLY SYSTEM	824	824				824		
AUSTIN,TX	NEW EL DISTRI PANELS	66	66				66		
AUSTIN,TX	60 HERTZ UPS UPGRADE	1				1	1		
AUSTIN,TX	DELEGATION OF AUTHORITY TO DEPT & STAFF	50				50	50		
BEDFORD,MA	OFFICE SPACE OIG REGIONAL OFFICE	70			70		70		
HINES(DPC),IL	DATA PROCESSING CENTER	946	1,055		-109		946		
HINES(DPC),IL	DPC	61	61				61		
HINES(DPC),IL	RENOVATE B-18 DPC OFFICE SPACE		340		-340				
HINES(DPC),IL	IMPROV. TO HVAC SYSTEM ROOM 201	50			50		50		
HINES(DPC),IL	EQUIPMENT STORAGE BLDG AND DRIVEWAYS	37			37		37		
HINES(DPC),IL	DELEGATION OF AUTHORITY TO DEPT & STAFF	50				50	50		
PHILADELPHIA(DPC),PA	COMPUTER ROOM EXPAND.	710			710		710		
PHILADELPHIA(DPC),PA	DELEAGATION OF AUTHORITY TO DEPT & STAFF	50				50	50		
ST.PAUL,MN	UPGRADE SECURITY	25	25				25		
ST.PAUL,MN	ADDN A/C UNITS	75	75				75		
VA CENTRAL OFFICE	PAINTING FOR VARIOUS STAFF OFFICES	5				5	5		
VA CENTRAL OFFICE	ELECTRICAL REPAIRS	5				5	5		
VA CENTRAL OFFICE	CARPENTRY REPAIRS FOR VARIOUS STAFF OFFICES	5				5	5		
VA CENTRAL OFFICE	MISC REPAIRS UNDER 3,000 WITHIN CENTRAL OFFICE	105				105	105		
VA CENTRAL OFFICE	SITE PREPERATION	35				35	35		
VA CENTRAL OFFICE	PULLING COMPUTER CABLE PH I	5				5	5		
VA CENTRAL OFFICE	PULLING COMPUTER CABLE PH II	5				5	5		
VA CENTRAL OFFICE	RENOVATE 5TH FLOOR LAFF. BLDG.	7				7	7		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS: ACTUAL: THRU 1984	OBLIGATIONS: ACTUAL: FOR 1985	OBLIGATIONS: ESTIMATED: FOR 1986	OBLIGATIONS: ESTIMATED: FOR 1987	OBLIGATIONS: ESTIMATED: FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR: 1985	UNOBLIGATED APPROPRIATION END OF YEAR: 1986	UNOBLIGATED APPROPRIATION END OF YEAR: 1987
STAFF OFFICES										
VARIOUS STATIONS	FY87 REQUEST	5,000				462	4,538			4,538
AUSTIN,TX	UNINTERRUPTABLE POWER									
	SUPPLY SYSTEM	824	834	-10						
AUSTIN,TX	NEW EL DISTRI PANELS	66	66	-0	1			1		
AUSTIN,TX	60 HERTZ UPS UPGRADE	1			1	0				
AUSTIN,TX	DELEGATION OF AUTHORITY									
	TO DEPT & STAFF	50			50	0	0		1	
BEDFORD,MA	OFFICE SPACE OIG									
	REGIONAL OFFICE	70			3	62	4	70	67	4
HINES(DPC),IL	DATA PROCESSING CENTER	946	946	0	0					
HINES(DPC),IL	DPC	61	29	0	31			31		
HINES(DPC),IL	RENOVATE B-18 DPC OFFICE									
	SPACE									
HINES(DPC),IL	IMPROV. TO HVAC									
	SYSTEM ROOM 201	50		34	3	11	3	16	13	3
HINES(DPC),IL	EQUIPMENT STORAGE									
	BLDG AND DRIVEWAYS	37		37	0					
HINES(DPC),IL	DELEGATION OF AUTHORITY									
	TO DEPT & STAFF	50			50	0	0		1	
PHILADELPHIA(DPC),PA	COMPUTER ROOM EXPAND.	710		475	73	162		235	162	
PHILADELPHIA(DPC),PA	DELEAGATION OF AUTHORITY									
	TO DEPT & STAFF	50			50	0	0		1	
ST.PAUL,MN	UPGRADE SECURITY	25	24	-3	3			3		
ST.PAUL,MN	ADDN A/C UNITS	75		75						
VA CENTRAL OFFICE	PAINTING FOR VARIOUS									
	STAFF OFFICES	5			5	0	0			
VA CENTRAL OFFICE	ELECTRICAL REPAIRS	5			5	0	0			
VA CENTRAL OFFICE	CARPENTRY REPAIRS FOR									
	VARIOUS STAFF OFFICES	5			5	0	0			
VA CENTRAL OFFICE	MISC REPAIRS UNDER 3,000									
	WITHIN CENTRAL OFFICE	105			104	1	0		1	
VA CENTRAL OFFICE	SITE PREPERATION	35			35	0	0			
VA CENTRAL OFFICE	PULLING COMPUTER CABLE									
	PH I	5			5	0				
VA CENTRAL OFFICE	PULLING COMPUTER CABLE									
	PH II	5			5	0				
VA CENTRAL OFFICE	RENOVATE 5TH FLOOR									
	LAFF BLDG.	7			7	0				

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI- MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID- ERATION
STAFF OFFICES									
VA CENTRAL OFFICE	PULLING COMPUTER CABLE LAFF. BLDG.	7				7	7		
VA CENTRAL OFFICE	ELECTRICAL AND TELEPHONE WORK	4				4	4		
VA CENTRAL OFFICE	PURCHASE AND INSTALL 250 AMP PANEL BOXES	5				5	5		
VA CENTRAL OFFICE	PAITN RM 275 AND REMOVE CARPET	5				5	5		
VA CENTRAL OFFICE	REPLACE COMPUTER ROOM	3				3	3		
VA CENTRAL OFFICE	RENOVATE 3RD FLOOR SHOREHAM BLDG. FOR BVA	6				6	6		
WASHINGTON, DC	A/C FOR ROOM A-75	163	163				163		
WASHINGTON, DC	RENOVATE ROOM A-75 VACO	90	90				90		
WASHINGTON, DC	EXPAND SATTILITE SUPPORT CENTER	178	75			103	178		
VARIOUS STATIONS	FY81 PROGRAM BALANCE	1	162		23	-184	1		
VARIOUS STATIONS	FY84 PROGRAM BALANCE	911	1,622		-440	-271	911		
VARIOUS STATIONS	FY86 PROGRAM BALANCE	2,000		2,000			2,000		
SUBTOTAL (36)		11560	4558	2000	1	1	6560	5000	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
STAFF OFFICES										
VA CENTRAL OFFICE	PULLING COMPUTER CABLE LAFF. BLDG.	7			7	0				
VA CENTRAL OFFICE	ELECTRICAL AND TELEPHONE WORK	4			4	0				
VA CENTRAL OFFICE	PURCHASE AND INSTALL 250 AMP PANEL BOXES	5			5	0				
VA CENTRAL OFFICE	PAITN RM 275 AND REMOVE CARPET	5			5	0				
VA CENTRAL OFFICE	REPLACE COMPUTER ROOM	3			3	0				
VA CENTRAL OFFICE	RENOVATE 3RD FLOOR SHOREHAM BLDG. FOR BVA	6			6	0				
WASHINGTON, DC	A/C FOR ROOM A-75	163	163							
WASHINGTON, DC	RENOVATE ROOM A-75 VACO	90	90							
WASHINGTON, DC	EXPAND SATTILITE SUPPORT CENTER	178	71	-23	104	26		27	26	
VARIOUS STATIONS	FY81 PROGRAM BALANCE	1			1	0	0	185		
VARIOUS STATIONS	FY84 PROGRAM BALANCE	911			7	658	246	1,182	904	246
VARIOUS STATIONS	FY86 PROGRAM BALANCE	2,000			14	171	1,814		1,986	1,814
SUBTOTAL (36)		11560	2223	585	592	1554	6606	1750	3162	6605

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
REGIONAL OFFICE PROGRAMS									
VARIOUS STATIONS	FY87 REQUEST	1,900						1,900	
ALBUQUERQUE, NM	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
ANCHORAGE, AK	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
ATLANTA, GA	INSTALL CABLE VDT/PRT	7				7	7		
ATLANTA, GA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
BALTIMORE, MD	COAXIAL CABLE 2ND AND GROUND FLOOR	48	46		2		48		
BALTIMORE, MD	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
BOISE, ID	DATA TERMINAL UNIT EXPANDSION	1			1		1		
BOISE, ID	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
BOSTON, MA	SPACE ALTERATION PROJECT 3RD FLOOR	17			17		17		
BOSTON, MA	SPACE ALTERATION PROJECT 1ST FLOOR	36			36		36		
BOSTON, MA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
BUFFALO, NY	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
CHEYENNE, WY	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
CHICAGO, IL	RELOCATE AND CONSTR. OF AGENT CASHIER CAGE	5				5	5		
CHICAGO, IL	CONSTR WALL & DOOR FOR PUBLIC CORRIDOR	7				7	7		
CHICAGO, IL	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
CLEVELAND, OH	REMOVAL OF 180 OF WALLS AND 11 DOORS	35			35		35		
CLEVELAND, OH	RESTORE PUBLIC HALLWAYS 11TH & 13TH FLOORS	10			10		10		
CLEVELAND, OH	REMOVE WALLS	5			5		5		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
REGIONAL OFFICE PROGRAMS										
VARIOUS STATIONS	FY87 REQUEST	1,900				175	1,725			1,725
ALBUQUERQUE,NM	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
ANCHORAGE,AK	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
ATLANTA,GA	INSTALL CABLE VDT/PRT	7			7	0				
ATLANTA,GA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
BALTIMORE,MD	COAXIAL CABLE 2ND AND GROUND FLOOR	48		48	0					
BALTIMORE,MD	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
BOISE,ID	DATA TERMINAL UNIT EXPANDSION	1		1	0	0				
BOISE,ID	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
BOSTON,MA	SPACE ALTERATION PROJECT 3RD FLOOR	17		17	0					
BOSTON,MA	SPACE ALTERATION PROJECT 1ST FLOOR	36		36	0					
BOSTON,MA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
BUFFALO,NY	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
CHEYENNE,WY	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
CHICAGO,IL	RELOCATE AND CONSTR. OF AGENT CASHIER CAGE	5			5	0				
CHICAGO,IL	CONSTR WALL & DOOR FOR PUBLIC CORRIDOR	7			7	0				
CHICAGO,IL	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
CLEVELAND,OH	REMOVAL OF 180 OF WALLS AND 11 DOORS	35		35	0					
CLEVELAND,OH	RESTORE PUBLIC HALLWAYS 11TH & 13TH FLOORS	10		10						
CLEVELAND,OH	REMOVE WALLS	5		5						

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	AD. THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
REGIONAL OFFICE PROGRAMS									
CLEVELAND,OH	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
COLUMBIA,SC	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
DENVER,CO	COST EST HANDICAPPED ACCESS TO RESTROOMS	38	22		8	8	38		
DENVER,CO	MODIFY ONE EXISTING ELEVATOR CAB	71			71		71		
DENVER,CO	HANDICAPPED ACCESS REPAIR	7			7		7		
DENVER,CO	HANDICAPPED ACCESSIBILITY AND ELEVATOR MODE	117			117		117		
DENVER,CO	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
DES MOINES,IA	REALIGNMENT COMPLETION	125	134		-9		125		
DES MOINES,IA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
DETROIT,MI	REALIGNMENT OF 13TH AND 14TH FLOORS	92	73		-15	34	92		
DETROIT,MI	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
FARGO,ND	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
FORT HARRISON,MT	DEMO OF WALLS AND MINOR RENOVATION TO 3RD FLOOR	15			15		15		
FORT HARRISON,MT	SITE PREP FOR VADATS	11				11	11		
FORT HARRISON,MT	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
HARTFORD,CT	RELIGNMENT/RENOVATION	128	128				128		
HARTFORD,CT	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
HONOLULU,HI	REALIGNMENT/RENOVATION	1	1				1		
HONOLULU,HI	INSTALL WALL AND DOOR IN HALL	1			1		1		
HONOLULU,HI	REMOVE 5 WALL PANELS	1			1		1		
HONOLULU,HI	ALTERATIONS TO AGENT CASHIERS	8			8		8		
HONOLULU,HI	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
REGIONAL OFFICE PROGRAMS										
CLEVELAND,OH	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
COLUMBIA,SC	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
DENVER,CO	COST EST HANDICAPPED ACCESS TO RESTROOMS	38	22	8	8					
DENVER,CO	MODIFY ONE EXISTING ELEVATOR CAB	71			71			71		
DENVER,CO	HANDICAPPED ACCESS REPAIR	7			7	0		7		
DENVER,CO	HANDICAPPED ACCESSIBILITY AND ELEVATOR MODE	117			117	0		117		
DENVER,CO	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
DES MOINES,IA	REALIGNMENT COMPLETION	125	132	-7	1					
DES MOINES,IA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
DETROIT,MI	REALIGNMENT OF 13TH AND 14TH FLOORS	92	73	-15	34					
DETROIT,MI	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
FARGO,ND	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
FORT HARRISON,MT	DEMO OF WALLS AND MINOR RENOVATION TO 3RD FLOOR	15		15						
FORT HARRISON,MT	SITE PREP FOR VADATS	11			11	0	0			
FORT HARRISON,MT	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
HARTFORD,CT	RELIGNMENT/RENOVATION	128	128	-0	0					
HARTFORD,CT	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
HONOLULU,HI	REALIGNMENT/RENOVATION	1	2	-1						
HONOLULU,HI	INSTALL WALL AND DOOR IN HALL	1		1	0					
HONOLULU,HI	REMOVE 5 WALL PANELS	1		1	0					
HONOLULU,HI	ALTERATIONS TO AGENT CASHIERS	8		8						
HONOLULU,HI	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
REGIONAL OFFICE PROGRAMS									
HOUSTON, TX	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
HUNTINGTON, WV	REALIGNMENT OF FLOORS 1-3	256	42		-5	219	256		
HUNTINGTON, WV	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
INDIANAPOLIS, IN	THIRD FLOOR REALIGMENT	6	8		-2		6		
INDIANAPOLIS, IN	REALIGNMENT AND SPACE REDUCTION	350	350				350		
INDIANAPOLIS, IN	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
JACKSON, MS	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
LINCOLN, NE	REDUCTION IN OFFICE SPACE	38	38				38		
LINCOLN, NE	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
LITTLE ROCK, AR	DELEGATION OF AUTHORITY TO DEPT & STAFF	6				6	6		
LOS ANGELES, CA	REALIGNMENT PH I	10	25		-15		10		
LOS ANGELES, CA	REALIGNMENT AND ALTER.	55	67		-12		55		
LOS ANGELES, CA	INSTALL DOORS WALLS AND LOCKS	55	54			1	55		
LOS ANGELES, CA	CONSTR NEW OFF FOR THE BLIND VA	5			5		5		
LOS ANGELES, CA	APPROX 25' CEILING HIGH PARTITIONS	3			3		3		
LOS ANGELES, CA	LOCAL SITE CONSTR	151			151		151		
LOS ANGELES, CA	INSTALL 25 LINEAR FEET CEILING HIGH PARTATIONS	2				2	2		
LOS ANGELES, CA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
LOUISVILLE, KY	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
MANCHESTER, NH	SPACE REALIGNMENT	1	5		-4		1		
MANCHESTER, NH	RELOCATE DOORS INSTALL NEW DOOR	5				5	5		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
REGIONAL OFFICE PROGRAMS										
HOUSTON,TX	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
HUNTINGTON,WV	REALIGNMENT OF FLOORS 1-3	256	43	-6	218	1			1	
HUNTINGTON,WV	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
INDIANAPOLIS,IN	THIRD FLOOR REALIGMENT	6	8	-2						
INDIANAPOLIS,IN	REALIGNMENT AND SPACE REDUCTION	350	87	77	186			186		
INDIANAPOLIS,IN	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
JACKSON,MS	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
LINCOLN,NE	REDUCTION IN OFFICE SPACE	38	38	-23	23			23		
LINCOLN,NE	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
LITTLE ROCK,AR	DELEGATION OF AUTHORITY TO DEPT & STAFF	6			6	0	0			
LOS ANGELES,CA	REALIGNMENT PH I	10	25	-15						
LOS ANGELES,CA	REALIGNMENT AND ALTER.	55	67	-12						
LOS ANGELES,CA	INSTALL DOORS WALLS AND LOCKS	55	53		2			1		
LOS ANGELES,CA	CONSTR NEW OFF FOR THE BLIND VA	5		5	0					
LOS ANGELES,CA	APPROX 25' CEILING HIGH PARTITIONS	3		3						
LOS ANGELES,CA	LOCAL SITE CONSTR	151		151						
LOS ANGELES,CA	INSTALL 25 LINEAR FEET CEILING HIGH PARTATIONS	2			2	0				
LOS ANGELES,CA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
LOUISVILLE,KY	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
MANCHESTER,NH	SPACE REALIGNMENT	1	5	-4						
MANCHESTER,NH	RELOCATE DOORS INSTALL NEW DOOR	5			5	0				

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
REGIONAL OFFICE PROGRAMS									
MANCHESTER,NH	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
MANILA, PI	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
MILWAUKEE,WI	SPEACIAL REQUIR TO VA SPACE OF FED BLDG.	130			130		130		
MILWAUKEE,WI	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
MILWAUKEE,WI	RENOVATE B-6 FOR DVB	919	920		-1		919		
MONTGOMERY,AL	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
MUSKOGEE,OK	MOVEMENT OF POWER POLES AND WALLS	7				7	7		
MUSKOGEE,OK	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
NASHVILLE,TN	SPACE REALIGNMENT	17	26		-9		17		
NASHVILLE,TN	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
NEW ORLEANS,LA	FIFTH FLOOR ALTERATIONS	180			180		180		
NEW ORLEANS,LA	REMOVE 15 WALL	1			1		1		
NEW ORLEANS,LA	INSTALL ELECTRICAL REQUIREMENTS FOR WANG SYS	7				7	7		
NEW ORLEANS,LA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
NEW YORK,NY	REALIGNMENT AND ALTER. TO 16TH FLOOR	44	44				44		
NEW YORK,NY	RENOVATE 13TH AND 14TH FLOOR	1	1				1		
NEW YORK,NY	INSTALL NEW AUTOMATIC CALL DISTRIBUTOR	32			32		32		
NEW YORK,NY	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
NEWARK,NJ	OFFICE SPACE ALTERATION	398	398				398		
NEWARK,NJ	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
PHILADELPHIA,PA	DELAGATION OF AUTHORITY TO DEPT & STAFF	5				5	5		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
REGIONAL OFFICE PROGRAMS										
MANCHESTER,NH	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
MANILA, PI	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
MILWAUKEE,WI	SPEACIAL REQUIR TO VA SPACE OF FED BLDG.	130		130	0					
MILWAUKEE,WI	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
MILWAUKEE,WI	RENOVATE B-6 FOR DVB	919	919		0					
MONTGOMERY,AL	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
MUSKOGEE,OK	MOVEMENT OF POWER POLES AND WALLS	-7			7	0				
MUSKOGEE,OK	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
NASHVILLE,TN	SPACE REALIGNMENT	17	26	-9	0					
NASHVILLE,TN	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
NEW ORLEANS,LA	FIFTH FLOOR ALTERATIONS	180		180						
NEW ORLEANS,LA	REMOVE 15 WALL	1		1						
NEW ORLEANS,LA	INSTALL ELECTRICAL REQUIREMENTS FOR WANG SYS	7			7	0				
NEW ORLEANS,LA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
NEW YORK,NY	REALIGNMENT AND ALTER. TO 16TH FLOOR	44	44	-3	3			3		
NEW YORK,NY	RENOVATE 13TH AND 14TH FLOOR	1			1			1		
NEW YORK,NY	INSTALL NEW AUTOMATIC CALL DISTRIBUTOR	32		32						
NEW YORK,NY	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
NEWARK,NJ	OFFICE SPACE ALTERATION	398	398	-6	6			6		
NEWARK,NJ	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
PHILADELPHIA,PA	DELAGATION OF AUTHORITY TO DEPT & STAFF	5			5	0	0			

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
REGIONAL OFFICE PROGRAMS									
PHOENIX,AZ	RELOCATE VA REGIONAL OFFICE TO LEASED BLDG.	36	36				36		
PHOENIX,AZ	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
PITTSBURGH(AD),PA	DEMOLITION/INSTALLATION OF WALLS PH 1	47			1	46	47		
PITTSBURGH(AD),PA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
PORTLAND,OR	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
PROVIDENCE,RI	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
RENO,NV	REGIONAL OFFICE RELOCATION AND ALTS.	77	77				77		
RENO,NV	CABLE LINES	8			8		8		
RENO,NV	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
ROANOKE,VA	MATERIALS AND LABOR TO REDUE AGENT CASHIERS	10			10		10		
ROANOKE,VA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
SALT LAKE CITY,UT	AGENT CASHIERS WINDOWS	2			2		2		
SALT LAKE CITY,UT	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
SAN DIEGO,CA	ALTER TO ROOMS 200, 201,204 AND 726	8			8		8		
SAN DIEGO,CA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
SAN FRANCISCO,CA	SPACE REALIGNMENT	1	1				1		
SAN FRANCISCO,CA	LABOR MATERIALS TO INSTALL PARTITIONS	15			15		15		
SAN FRANCISCO,CA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
SAN JUAN,PR	CONSTR CEILING HIGH PARTITIONS CANCELLED				2	-2			
SAN JUAN,PR	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
REGIONAL OFFICE PROGRAMS										
PHOENIX,AZ	RELOCATE VA REGIONAL OFFICE TO LEASED BLDG.	36	35		1			1		
PHOENIX,AZ	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
PITTSBURGH(AD),PA	DEMOLITION/INSTALLATION OF WALLS PH 1	47		1	13	31	3		33	3
PITTSBURGH(AD),PA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
PORTLAND,OR	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
PROVIDENCE,RI	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
RENO,NV	REGIONAL OFFICE RELOCATION AND ALTS.	77	77							
RENO,NV	CABLE LINES	8		8						
RENO,NV	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
ROANOKE,VA	MATERIALS AND LABOR TO REDUE AGENT CASHIERS	10			10	0		10		
ROANOKE,VA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
SALT LAKE CITY,UT	AGENT CASHIERS WINDOWS	2		2	0					
SALT LAKE CITY,UT	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
SAN DIEGO,CA	ALTER TO ROOMS 200, 201,204 AND 726	8		8	0					
SAN DIEGO,CA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
SAN FRANCISCO,CA	SPACE REALIGNMENT	1	1		0					
SAN FRANCISCO,CA	LABOR MATERIALS TO INSTALL PARTITIONS	15		15						
SAN FRANCISCO,CA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
SAN JUAN,PR	CONSTR CEILING HIGH PARTITIONS CANCELLED							2		
SAN JUAN,PR	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
REGIONAL OFFICE PROGRAMS									
SEATTLE,WA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
SIOUX FALLS,SD	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
ST.LOUIS(DPC),MO	4TH FLOOR TOTAL REALIGNMENT	1	1				1		
ST.LOUIS(VAH),MO	CONTRACT CHANGES SWING SHIFT 4TH FLOOR	116			116		116		
ST.LOUIS(VAH),MO	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
ST.LOUIS(VAH),MO	UPGRADE RECORDS PROCESSING CENTER	100			100		100		
ST.PAUL,MN	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
ST.PETERSBURG,FL	LOAN GUARANTY DIV RELOCATION		168		-168				
ST.PETERSBURG,FL	REALIGNMENT AND RELEASE OF SPACE	20	20				20		
ST.PETERSBURG,FL	REMOVE 40 WALL	5			5		5		
ST.PETERSBURG,FL	DELEGATION OF AUTHORITY TO DEPT & STAFF	5				5	5		
TOGUS,ME	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
WACO,TX	VARO REALIGNMENT	49	49				49		
WACO,TX	REMOVE AND INSTALL PARTITIONS	8	8				8		
WACO,TX	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
WASHINGTON,DC	RENOVATE AND REALIGNMENT	3	3				3		
WASHINGTON,DC	COMPLETE CONSTR AND ELEC CHANGES 3RD/4TH FLOR	50	50				50		
WASHINGTON,DC	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
WHITE RIVER JUNCTION,VT	RENOVATE B-28 FOR DVB	387	274			113	387		
WHITE RIVER JUNCTION,VT	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
WICHITA,KS	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
REGIONAL OFFICE PROGRAMS										
SEATTLE,WA	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
SIOUX FALLS,SD	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
ST.LOUIS(DPC),MO	4TH FLOOR TOTAL REALIGNMENT	1	1		0	0				
ST.LOUIS(VAH),MO	CONTRACT CHANGES SWING SHIFT 4TH FLOOR	116		116	0	0	0			
ST.LOUIS(VAH),MO	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
ST.LOUIS(VAH),MO	UPGRADE RECORDS PROCESSING CENTER	100		100						
ST.PAUL,MN	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
ST.PETERSBURG,FL	LOAN GUARANTY DIV RELOCATION		33	-33						
ST.PETERSBURG,FL	REALIGNMENT AND RELEASE OF SPACE	20	20	-0	0					
ST.PETERSBURG,FL	REMOVE 40 WALL	5		5	0	0				
ST.PETERSBURG,FL	DELEGATION OF AUTHORITY TO DEPT & STAFF	5			5	0	0			
TOGUS,ME	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
WACO,TX	VARO REALIGNMENT	49	49	-49	49			49		
WACO,TX	REMOVE AND INSTALL PARTITIONS	8		6	2			2		
WACO,TX	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
WASHINGTON,DC	RENOVATE AND REALIGNMENT	3	3	-0	0					
WASHINGTON,DC	COMPLETE CONSTR AND ELEC CHANGES 3RD/4TH FLOR	50	43		7			7		
WASHINGTON,DC	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
WHITE RIVER JUNCTION,VT	RENOVATE B-28 FOR DVB	387	244	18	125			12		
WHITE RIVER JUNCTION,VT	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
WICHITA,KS	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
REGIONAL OFFICE PROGRAMS									
WILMINGTON, DE	ADDN TO EXISTING RO BLDG.	597	597				597		
WILMINGTON, DE	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
WINSTON-SALEM, NC	INSTALL 45' OF CEILING PARTIONS	4				4	4		
WINSTON-SALEM, NC	DELEGATION OF AUTHORITY TO DEPT & STAFF	3				3	3		
WOOD, WI	INSTALL CEILING FANS BLDG.NO.6	35	35				35		
VARIOUS STATIONS	FY80 PROGRAM BALANCE	105	252		-31	-116	105		
VARIOUS STATIONS	FY81 PROGRAM BALANCE	425	220		240	-35	425		
VARIOUS STATIONS	FY84 PROGRAM BALANCE	3,470	3,841		-371		3,470		
VARIOUS STATIONS	FY85 PROGRAM BALANCE	1,624	2,826		-696	-506	1,624		
VARIOUS STATIONS	FY86 PROGRAM BALANCE	2,000		2,000			2,000		
SUBTOTAL (135)		14743	10840	2000	5	-2	12843	1900	

CHANGES FROM ORIGINAL 1986 APPROPRIATION
(dollars in thousands)

The chart below reflects the minor FY 1986 category breakdown based on P.L. 99-160 versus the new breakdown based on P.L. 99-177.

	1986 APPROPRIATION	WITH 4.3% REDUCTION 1/
A. Medical Program	$ 92,136	$ 88,174
Nursing home care	10,000	9,570
Research and education	4,000	3,828
Outpatient improvements	1,000	957
Other improvements	77,136	73,819
Clinical improvements	(12,700)	(12,154)
Electrical improvements	(2,000)	(1,914)
Fire and safety improvements	(6,000)	(5,742)
General projects	(17,436)	(16,686)
Heating, ventilating, and air conditioning	(3,000)	(2,871)
Seismic improvements	(2,000)	(1,914)
Miscellaneous projects	(34,000)	(32,538)
B. Regional Office Program	2,000	1,914
C. National Cemetery Program	4,400	4,211
D. Computer Centers	2,000	1,914
E. Emergency Fund	500	478
F. General Administration	35,914	34,370
Total, budget authority	$136,950	$131,061

1/ This column reflects the effects of P.L. 99-177, the Balanced Budget and Emergency Deficit and Control Act of 1985.

CONSTRUCTION, MINOR PROJECTS
OFFICE OF FACILITIES
GENERAL ADMINISTRATION

PROGRAM DESCRIPTION

The Office of Facilities is responsible for the planning, design, and construction of buildings and utilities to provide medical facilities, cemetery facilities, regional offices, and other facilities for the VA. The Office of Facilities handles real property management and outpatient clinic rental space to meet the needs of the veterans. The Office of Facilities also provides architectural and engineering services to the rest of the agency. The program covers the entire VA system and in 1985 had obligations of $434 million. FY 1987 reflects a proposed reorganization which will place the current Office of Construction under the Department of Medicine and Surgery (DM&S). The Facility Engineering, Planning, and Construction (FEPAC) office within DM&S will be combined with the present Office of Construction to comprise the new Office of Facilities. The budget data for FY 1985 and FY 1986 relate only to the Office of Construction. Employment for FY 1987 shows internal realignments, which reflects the transfer of 13 FTEE to the General Operating Expenses appropriation, as well as combining FEPAC and the Office of Construction, which involves the transfer of 73 FTEE from the Medical Administration and Miscellaneous Operating Expenses appropriation into the present General Administration appropriation. Because of these changes the FY 1987 column is not comparable to the FY 1985 and FY 1986 columns; therefore, increases and decreases are not shown.

SUMMARY OF BUDGET REQUEST

For 1987, the Office of Facilities requests an FTEE of 733 and $38,885,000 to carry out its mission to provide facilities for the nation's veterans.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate 2/	1987 Estimate
Average Employment:				
Staff offices	131	122	125	84
Planning and Program Development	97	100	91	76
Technical Services (Architecture and Engineering)	173	169	161	216
Project Management	67	77	66	141
Field supervision	246	242	241	216
Total	714	710	684	733

	1985 Actual	1986 Budget Estimate 1/	1986 Current Estimate 2/	1987 Estimate
Obligations by Object Class:				
Personal services	$29,044	$28,557	$27,926	$30,662
Travel and transportation of persons: Employee travel	955	1,250	915	1,340
Transportation of things	205	200	210	210
GSA rent	1,554	2,082	1,554	1,676
Communications, utilities and other rent	1,094	1,409	1,040	1,632
Printing and reproduction	278	350	250	340
Other services	2,219	1,675	1,775	1,975
Supplies and materials	212	205	220	230
Equipment	544	545	480	820
Total obligations	$36,105	$36,273	$34,370	$38,885

1/ President's budget request, as amended.

2/ This column reflects the effects of P.L. 99-177.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST

	Budget Estimate 1/	Current Estimate			Current Estimate vs. Budget
		P.L. 99-160 with adj. 2/	P.L. 99-177 adj. 3/	Current Estimate	
Average Employment	710	697	-13	684	-26
Funding:					
Personal services..........	$28,557	$28,597	$- 671	$27,926	$- 631
Travel and transportation of persons: Employee travel..................	1,250	1,250	- 335	915	- 335
Transportation of things...	200	210	0	210	+ 10
GSA rent	2,082	1,554	0	1,554	- 528
Communications, utilities and other rent...........	1,409	1,180	- 140	1,040	- 369
Printing and reproduction..	350	378	- 128	250	- 100
Other services.............	1,675	2,045	- 270	1,775	+ 100
Supplies and materials.....	205	220	0	220	+ 15
Equipment..................	545	480	0	480	- 65
Total obligations..........	$36,273	$35,914	$-1,544	$34,370	$-1,903

1/ President's budget request, as amended.

2/ Adjusted for Congressional action and current year re-estimates.

3/ Balanced Budget and Emergency Deficit Control Act of 1985.

Narrative Explanation

All object classifications were reviewed to determine how the deficit reduction target of 4.3% could be met. In the non-personal service objects, such as travel, printing, ADP, etc., reductions will be accomplished through monitoring spending levels and keeping activities to a minimum rather than cancelling or deferring contracts. In addition to establishing tighter controls for overtime, a cut of 13 FTE will be necessary.

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Current Estimate	1987 Estimate
Personal Services	$29,044	$27,926	$30,662

A total of $30,662 thousand is requested for personnel compensation and benefits in 1987 to pay the Office of Facilities staff in Central Office and at construction sites in the field.

Travel and transportation of persons: Employee travel	$955	$915	$1,340

A total of $1,340 thousand is requested in 1987 for travel by administrative and technical personnel for inspecting, surveying, and determining on-site conditions and planning requirements for construction projects at VA facilities. Also included are provisions for pre-bid and pre-construction conferences, on-site supervision of construction contracts by resident engineers (R/E), post-evaluation surveys by Office of Facilities technical personnel, and travel related to employee training. The increase reflects the effects of combining the Office of Construction and FEPAC as well as a level of travel considered necessary to accomplish the VA Construction Program.

Transportation of things	$205	$210	$210

A total of $210 thousand is requested in 1987 for the cost of shipment of household goods and other personal effects of employees transferring between construction project duty stations, between field and Central Office, and to first duty station for newly recruited shortage category employees, including architects and engineers. The obligations primarily reflect the large number of R/E moves necessary to manage the construction program.

GSA Rent	$1,554	$1,554	$1,676

In 1987, $1,676 thousand is requested for rent payments to cover space occupied by Office of Facilities employees in Central Office.

Communications, utilities, and other rent	$1,094	$1,040	$1,632

A total of $1,632 thousand is requested to provide the Office of Facilities' pro rata share of the switchboard and wire mileage rental, telephone rentals, long distance telephone calls including Federal Telecommunications System (FTS) intercity telephone network, and equipment rentals. In addition to costs associated with the proposed reorganization, the increase is primarily due to higher FTS costs and a new telephone system that was not in the FY 1986 budget for VACO.

Printing and reproduction	$278	$250	$340

A total of $340 thousand is requested for printing and reproduction to cover the cost of: reproduction of drawings for field station files; printing of forms under the control of the Office of Facilities; the revision and updating of master specifications, standard details, handbooks, and other technical publications; and reproduction of drawings and specifications for projects.

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS: ACTUAL: THRU 1984	OBLIGATIONS: ACTUAL: FOR 1985	OBLIGATIONS: ESTIMATED: FOR 1986	OBLIGATIONS: ESTIMATED: FOR 1987	OBLIGATIONS: ESTIMATED: FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR: 1985	UNOBLIGATED APPROPRIATION END OF YEAR: 1986	UNOBLIGATED APPROPRIATION END OF YEAR: 1987
REGIONAL OFFICE PROGRAMS										
WILMINGTON, DE	ADDN TO EXISTING RO BLDG.	597	579	3	15			15		
WILMINGTON, DE	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
WINSTON-SALEM, NC	INSTALL 45' OF CEILING PARTIONS	4			4	0				
WINSTON-SALEM, NC	DELEGATION OF AUTHORITY TO DEPT & STAFF	3			3	0	0			
WOOD, WI	INSTALL CEILING FANS BLDG.NO.6	35	35	-2	2			2		
VARIOUS STATIONS	FY80 PROGRAM BALANCE	105			103	2		221	2	
VARIOUS STATIONS	FY81 PROGRAM BALANCE	425			2	411	12	460	423	12
VARIOUS STATIONS	FY84 PROGRAM BALANCE	3,470			25	297	3,148	3,470	3,445	3,148
VARIOUS STATIONS	FY85 PROGRAM BALANCE	1,624			12	1,173	438	2,130	1,612	438
VARIOUS STATIONS	FY86 PROGRAM BALANCE	2,000			99	926	975		1,901	975
SUBTOTAL (135)		14743	3189	857	1381	3019	6300	6796	7417	6301

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

			APPROPRIATIONS PLAN						
LOCATION	DESCRIPTION	TOTAL ESTIMATED COST	AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSIDERATION
EMERGENCY FUND									
VARIOUS STATIONS	FY87 REQUEST	300						300	
BARRANCAS,FL	STORM RELATED DAMAGES	4			4		4		
BILOXI(BD),MS	STORM DRAINAGE REPAIR CLEANUP	2				2	2		
HOUSTON,TX	REPAIR COMMITAL SHELTER	3			3		3		
NATCHEZ,MS	STORM DRAIN REPAIR	25			25		25		
SAN FRANCISCO,CA	EMERGENCY REPAIRS FOR DRAINAGE	290			290		290		
VARIOUS STATIONS	FY85 PROGRAM BALANCE	675	1,000		-323	-2	675		
VARIOUS STATIONS	FY86 PROGRAM BALANCE	500		500			500		
SUBTOTAL (8)		1799	1000	500	-1		1499	300	

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS ACTUAL THRU 1984	OBLIGATIONS ACTUAL FOR 1985	OBLIGATIONS ESTIMATED FOR 1986	OBLIGATIONS ESTIMATED FOR 1987	OBLIGATIONS ESTIMATED FOR FUTURE	UNOBLIGATED APPROPRIATION END OF YEAR 1985	UNOBLIGATED APPROPRIATION END OF YEAR 1986	UNOBLIGATED APPROPRIATION END OF YEAR 1987
EMERGENCY FUND										
VARIOUS STATIONS	FY87 REQUEST	300				28	272			272
BARRANCAS,FL	STORM RELATED DAMAGES	4		4						
BILOXI(BD),MS	STORM DRAINAGE REPAIR CLEANUP	2			2	0				
HOUSTON,TX	REPAIR COMMITAL SHELTER	3			3	0	0	3		
NATCHEZ,MS	STORM DRAIN REPAIR	25		24	1			1		
SAN FRANCISCO,CA	EMERGENCY REPAIRS FOR DRAINAGE	290		270	4	13	3	20	16	3
VARIOUS STATIONS	FY85 PROGRAM BALANCE	675			5	609	61	677	670	61
VARIOUS STATIONS	FY86 PROGRAM BALANCE	500			46	420	34		454	34
SUBTOTAL (8)		1799		299	61	1070	370	701	1140	370

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	APPROPRIATIONS PLAN						
			AVAIL THRU 1985 IN 86 BUDG	NET 1986 APPRO	ADJ THRU 9/85	ADJ FROM 10/85	TOTAL AVAIL THRU 1986	REQUIRED FOR 1987	FOR FUTURE CONSID-ERATION
TOTAL (1568)		771752	599634	101036	10	2995	703675	68077	0
VARIOUS STATIONS	GENERAL ADMINISTRATION	157.284	85.478	35.914		-2.993	118.399	38.885	
SUBTOTAL (1)		157284	85478	35914		-2993	118399	38885	
GRAND TOTAL		929036	685112	136950[1/]	10	2	822074	106962	0

[1/] FY 1986 APPROPRIATION DOES NOT REFLECT THE EFFECTS OF P.L. 99-177

FIGURES MAY VARY DUE TO ROUNDING.

FY1987 CONGRESSIONAL BUDGET REQUEST

CONSTRUCTION, MINOR PROJECT APPROPRIATIONS

($000)

LOCATION	DESCRIPTION	TOTAL ESTI-MATED COST	OBLIGATIONS					UNOBLIGATED APPROPRIATION END OF YEAR		
			ACTUAL		ESTIMATED					
			THRU 1984	FOR 1985	FOR 1986	FOR 1987	FOR FUTURE	1985	1986	1987
TOTAL (1568)		929036	235119	88306	116685	154299	177380	276214	263604	177380
VARIOUS STATIONS	GENERAL ADMINISTRATION	157,284	46,380	36,105	35,914	38,885		2,993		
SUBTOTAL (1)		157284	46380	36105	35914	38885		2993		
GRAND TOTAL		929036	281499	124411	152599 1/	193184	177380	279207	263604	177380

1/ FY 1986 APPROPRIATION DOES NOT REFLECT THE EFFECTS OF P.L. 99-177.

FIGURES MAY VARY DUE TO ROUNDING.

DETAIL OF BUDGET ESTIMATES (Continued)
(dollars in thousands)

	1985 Actual	1986 Current Estimate	1987 Estimate
Other services	$2,219	$1,775	$1,975

A total of $1,975 thousand is requested for 1987 for contractual services. Funds requested are for:

a. Repairs - furniture and equipment	$ 8	$ 10	$ 10
b. Services of consultants and expert witnesses	4	75	25
c. Employee training	89	92	120
d. ADP services	443	670	380
e. Surveys - utility, topographic, site	24	25	80
f. Construction research and development projects	624	300	600
g. Miscellaneous other services	777	603	760
h. Capital plant study	250	...	...

A total of $25 thousand is requested for services of consultants and expert witnesses. This is primarily for those individuals who render services on behalf of the Government in connection with alleged claims and the cost of legal secretaries for stenographic services. The decrease is due to a one-time consultant contract in FY 1986 to develop a manual for leasing.

To maintain an adequate level of employee training, $120 thousand is requested. The Office of Facilities anticipates an increase in contracting (procurement) training to comply with the intent of federal procurement reforms.

Funds in the amount of $380 thousand are needed in 1987 to provide for commercial and government ADP services, including processing, software, and analysis.

A total of $80 thousand is requested for surveys to cover not only project work, but also for appraisals and archeological surveys on certain facilities for possible nomination to the National Register of Historic Places. The increase is to cover contract services leading up to negotiating for and signing leases for medically related space.

Construction research and development projects will require $600 thousand. The increase of $300 thousand is a restoration to the recent level which was reduced in FY 1986 to help cover Congressionally directed cuts in the General Administration budget.

A total of $760 thousand is required for miscellaneous other services--those contractual services not provided for in the other subcategories. This includes such items as photographic work, maintenance contracts, and microfilming.

DETAIL OF BUDGET ESTIMATES (Continued)
(dollars in thousands)

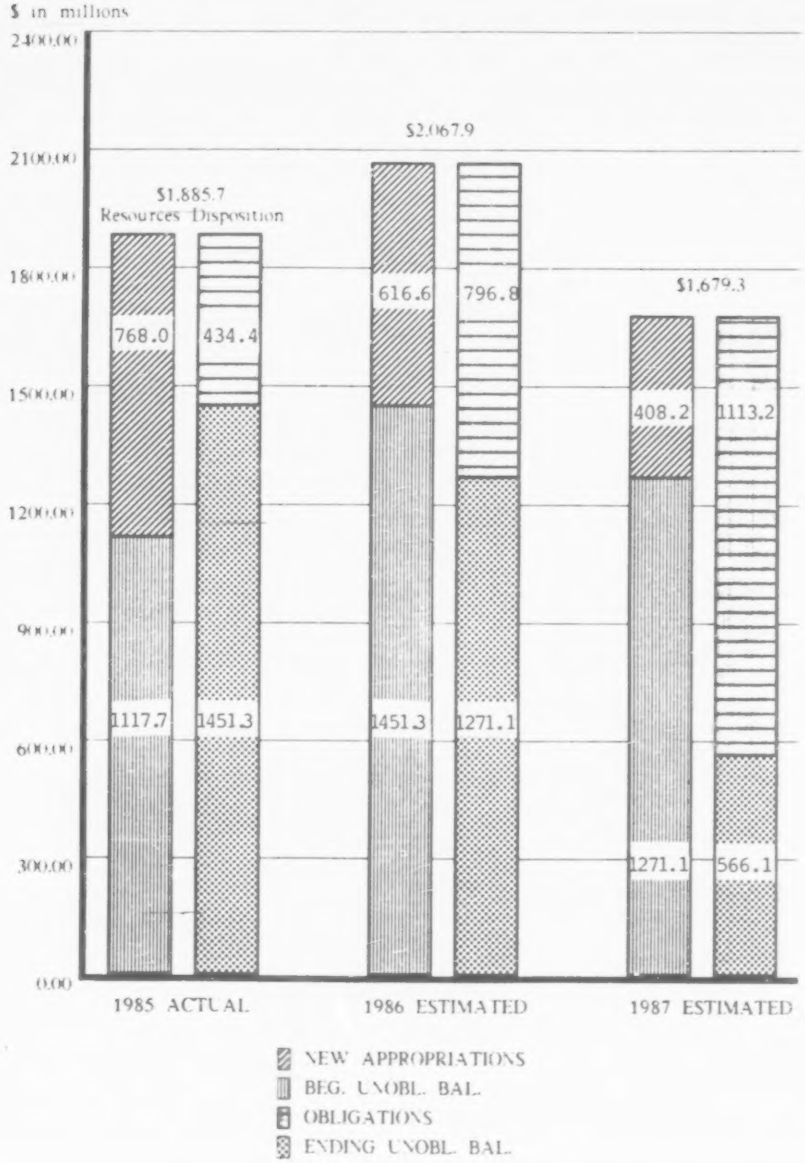
	1985 Actual	1986 Current Estimate	1987 Estimate
Supplies and materials	$212	$220	$230

A total of $230 thousand is requested for office and computer supplies and materials which are not available through the central supply system. The increase of $10 thousand is for normal inflation costs.

	1985 Actual	1986 Current Estimate	1987 Estimate
Equipment	$544	$480	$820

A total of $820 thousand is needed for 1987 to provide for replacement of furniture and equipment which will have reached the General Services Administration criteria for replacement as well as equipment for new employees. Included in this request is approximately $545 thousand for ADP equipment.

CONSTRUCTION APPROPRIATIONS
Special Analyses
Resources and Disposition of Funds



Comparative Summary of Obligational Requirements by Object Class
(dollars in thousands)

	1985 Actual	1986 Budget Request 1/	1986 Current Estimate 2/	1987 Estimate	Increase (+) Decrease (-)
Personnel compensation:					
Permanent positions	$ 25,163	$ 24,417	$ 24,098	$26,222	$+ 2,124
Positions other than permanent ...	3,299	3,570	3,960	4,235	+ 275
Other personnel compensation	532	765	618	794	+ 176
Total, personnel compensation	28,994	28,752	28,676	31,251	+ 2,575
Personnel benefits	3,505	3,614	3,451	3,977	+ 526
Total, personnel compensation and benefits	32,499	32,366	32,127	35,228	+ 3,101
Travel and transportation of persons	955	1,250	915	1,340	+ 425
Transportation of things	235	253	282	290	+ 8
Standard level user charges	1,554	2,082	1,554	1,676	+ 122
Communications, utilities, and other rent	1,285	1,594	1,232	1,837	+ 605
Printing and reproduction	279	360	250	340	+ 90
Other services	104,319	88,515	49,697	66,618	+ 16,921
Supplies and materials	2,364	2,450	2,791	2,853	+ 62
Equipment	4,991	3,255	5,263	2,727	- 2,536
Lands and structures	285,914	966,207	702,718	1,000,232	+297,514
Total obligations	434,395	1,098,332	796,829	1,113,141	+316,312
Unobligated balance, start of year .	-1,117,710	-1,290,749	-1,451,332	-1,271,108	+180,224
Unobligated balance, end of year ...	1,451,332	805,023	1,271,108	566,137	-704,971
Budget authority*	$ 768,017	$ 612,606	$ 616,605	$ 408,170	$-208,435

*Arrived at as follows:					
Program level request	$927,788	$772,606	$796,605	$465,170	$-333,435
Less: reprogrammings from prior appropriations	-159,771	-160,000	-180,000	- 57,000	+125,000
New Budget Authority	$768,017	$612,606	$616,605	$408,170	$-208,435

1/ President's budget request, as amended.

2/ This column reflects the effects of P.L. 99-177.

Comparative Summary of Obligational Requirements by Object Class
Changes From Original 1986 President's Budget Request
(dollars in thousands)

	Budget Estimate 1/	P.L. 99-160 with adj. 2/	P.L. 99-177 adj. 3/	Current Estimate	Current Estimate vs. Budget
Personnel compensation:					
Permanent positions	$ 24,417	$ 24,417	$- 319	$ 24,098	$- 319
Positions other than permanent	3,570	3,952	+ 8	3,960	+ 390
Other personnel compensation .	765	693	- 75	618	- 147
Total, personnel compensation ..	28,752	29,062	- 386	28,676	- 76
Personnel benefits	3,614	3,736	- 285	3,451	- 163
Total, personnel compensation and benefits .	32,366	32,798	- 671	32,127	- 239
Travel and transportation of persons	1,250	1,250	- 335	915	- 335
Transportation of things	253	272	+ 10	282	- 29
Standard level user charges	2,082	1,554	...	1,554	- 528
Communications, utilities, and other rent	1,594	1,372	- 140	1,232	- 140
Printing and reproduction	360	378	- 128	250	- 128
Other services	88,515	49,992	- 295	49,697	- 38,818
Supplies and materials	2,450	2,776	+ 15	2,791	+ 341
Equipment	3,255	5,263	...	5,263	+ 2,008
Lands and structures	966,207	705,960	- 3,242	702,718	-263,489
Total obligations	1,098,332	801,615	- 4,786	796,829	-301,503
Unobligated balance, start of year	-1,290,749	-1,451,332	...	-1,451,332	-160,583
Unobligated balance, end of year	805,023	1,294,027	-22,919	1,271,108	+466,085
Budget authority*	$ 612,606	$ 644,310	$-27,705	$ 616,605	$+ 3,999
*Arrived at as follows:					
Program level request	$772,606	$824,310	$-27,705	$796,605	$+23,999
Less: reprogrammings from prior appropriations	-160,000	-180,000	...	-180,000	-20,000
New Budget Authority	$612,606	$644,310	$-27,705	$616,605	$+3,999

1/ President's budget request, as amended.

2/ Adjusted for Congressional action and current year re-estimates.

3/ Balanced Budget and Emergency Deficit Control Act of 1985.

Summary of Construction Funds from 7/1/31 a/
(dollars in millions) b/

Fiscal Year	Cash Appropriation Actual	Cash Appropriation Sept. '85 $Value c/	Obligations Actual	Obligations Sept. '85 $Value c/	Unobligated d/ End of Year Balance	Outlays
1932-45	$ 141.6		$118.7		$ 22.9	$ 90.0
1946	242.8	Not Available	14.1	Not Available	251.6	26.9
1947	147.4		68.0		772.3	28.0
1948	-50.0		224.9		835.7	53.0
1949	202.0		84.1		795.6	141.5
1950	.0	$ .0	212.4		582.3	159.7
1951	160.0	1,031.2	104.1	$670.9	478.2	144.9
1952	27.5	167.7	42.8	261.0	82.6	123.0
1953	117.5	682.5	48.9	284.0	92.2	98.5
1954	38.7	218.5	23.2	131.0	86.6	54.2
1955	50.5	291.9	47.3	273.4	89.7	29.2
1956	33.9	181.2	29.9	159.8	93.8	25.8
1957	56.2	287.9	21.6	110.7	128.3	36.0
1958	44.5	221.2	63.9	317.6	108.9	32.9
1959	19.3	93.0	63.0	303.6	65.1	45.4
1960	31.7	147.6	34.7	161.6	62.1	56.8
1961	75.0	343.3	77.3	353.9	59.8	51.4
1962	76.3	340.0	68.8	306.6	67.3	53.1
1963	77.0	333.9	71.7	310.9	72.6	65.8
1964	76.8	323.7	109.5	461.6	39.9	70.3
1965	98.1	400.3	64.5	263.2	73.5	80.6
1966	90.5	355.6	43.6	171.3	120.5	83.7
1967	52.1	195.7	63.5	238.5	109.1	60.0
1968	52.6	184.5	20.2	70.9	141.5	47.6
1969	7.9	25.9	105.6	346.0	43.8	46.1
1970	69.1	210.2	34.0	103.4	78.9	67.4
1971	59.0	165.4	102.8	288.2	35.1	80.2
1972	93.6	243.9	84.6	220.5	44.1	105.1
1973	181.0	445.0	136.6	335.8	88.5	95.8
1974	108.0 d/	248.3	91.9	211.3	107.2	103.7
1975	303.0 e/	622.0	207.8	426.6	202.3	118.9
1976	403.9	763.5	226.8	428.7	379.4	187.6
19TQ	32.5	59.1	23.3	42.3	388.5	42.9
1977	498.5	861.1	278.4	480.9	608.5	233.8
1978	488.9 f/	796.3	223.2	363.5	874.3	243.3
1979	451.9 g/	682.9	317.0	479.1	1,009.2	236.5
1980	394.5 h/	547.1	461.8	640.5	942.0	294.7
1981	370.5 i/	470.3	408.9	519.0	903.6	403.3
1982	474.3 j/	553.6	415.6	485.1	962.5	428.9
1983	812.5 k/	878.9	638.4	690.5	1,136.6	428.7
1984	531.1 l/	546.5	550.0	566.0	1,117.7	475.5
1985	768.0 m/	774.4	434.4	438.0	1,451.3	521.5
1986 (Est.)	616.6 n/	...	796.8	...	1,271.1	555.1
1987 (Est.)	408.2 o/	...	1,113.1	...	566.1	687.0
	$8,935.0		$8,371.7			$7,014.3

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a/ Includes following appropriations: 1932-52 - Hospital & Domiciliary Facilities; 1953-58 - Hospital and Domiciliary Facilities, and Major Alterations Improvements and Repair; 1959-72 - Construction of Hospital and Domiciliary Facilities; and 1973 to date - Construction, major projects and Construction, minor projects.

b/ Because of rounding, details do not necessarily add to totals.

Summary of Construction Funds from 7-1-31 a/ (Continued)
(dollars in millions) b/

c/ September 1985 $ Value is calculated by multiplying the respective actual dollar figures by the ratio of the September 1985 Boeckh Index (1,447.5) to each of the respective fiscal year averages for the Boeckh Building Cost Index (apartments, hotels and office buildings - brick and concrete; Base 100=United States Average Prices 1926-1929 for 20 major pricing areas).

d/ Unobligated balance of appropriations of Cash plus Contract Authority.

e/ Includes supplemental appropriation funding of $27.2.

f/ Includes supplemental appropriation funding of $1.2. Reprogramming authority of $20.6 made the construction program level $509.6 for FY 1978.

g/ Includes supplemental appropriation funding of $0.9. Reprogramming authority of $17.4 made the construction program level $469.3 for FY 1979.

h/ Includes supplemental appropriation funding of $4.6.

i/ Beginning year appropriation was $532.7. Rescinded appropriation of $162.2 leaves $370.5 available in FY 1981.

j/ Beginning year appropriation was $481.3, with an immediate appropriation transfer to GOE of $7.0. Reprogramming authority granted of $2.8 made the construction program level $477.1 for FY 1982.

k/ Beginning year appropriation was $549.1, with a supplemental appropriation of $263.4 bringing new budget authority for the year to $812.5. Reprogramming authority granted made the construction program level $857.8 for FY 1983.

l/ Reprogramming authority of $139.0 for the major category and $0.4 for the minor category made the construction program level $670.4 for FY 1984.

m/ Includes rescission of $0.4 in accordance with the provisions of P.L. 98-369, the Deficit Reduction Act of 1984. Reprogramming authority of $159.4 for major and $0.4 for minor made the construction program level $927.8 for FY 1985.

n/ Includes sequestration of $21.8 in the major appropriation and $5.9 in the minor appropriation in accordance with the provisions of P.L. 99-177, the Balanced Budget and Emergency Deficit Control Act of 1985. The Obligations, Unobligated End of Year Balance, and Outlay columns reflect the effects of P.L. 99-177 for FY 1986 and FY 1987. Reprogramming authority of $180.0 makes the construction program level $796.6 for FY 1986.

o/ Requested reprogramming authority of $57.0 will make the construction program level $465.2 for FY 1987.

INTRODUCTORY STATEMENT

The Veterans Administration requests an authorization of $330,500,000 for the Department of Medicine and Surgery's major construction program for FY 1987, which includes full authorization for split-funded projects.

This volume is transmitted in accordance with the provisions of Title 38, United States Code, sections 5004 and 5007. Section 5004 requires the submission of prospectuses for all medical construction projects involving expenditures of $2 million or more and leases of space for the use of medical facilities having an average annual rental of more than $500,000. These prospectuses are normally found in Parts 13 and 18 of this volume; however, there are no new leases requested for FY 1987.

Section 5007 requires an annual report on previously authorized projects and leases; this report is provided in Part 19 of this volume. Projects will be included in the report until financially complete, or authorization is rescinded.

Part 17 of this volume contains a summary of current year authorization action. This section may be useful in tracking the approval process of individual projects because the appropriation process is the only formal method of reconciling incompatible authorization resolutions by the House and Senate Veterans Affairs Committees.

For major construction projects, in general, the project cost summary in each prospectus shows costs as of the date of completion of preliminary drawings (base date) plus an allowance for projected inflation.

All Veterans Administration facilities, including sites, are intended to be barrier free. Except in those areas where the unique needs of VA buildings and facilities mandate that the VA accessibility standards exceed the General Services Administration (GSA) minimum requirements, the VA accessibility standards incorporate all of the minimum requirements of the most current GSA standard for accessibility.

MAJOR CONSTRUCTION PROJECT AUTHORIZATION REQUEST AND COMPARISON TO APPROPRIATION REQUEST

(dollars in thousands)

Location	Description	Total Estimated Cost	Authorized Thru FY 1986	Available Thru FY 1986	FY 1987 Authorization Requested	FY 1987 Appropriation Requested
Construction Projects						
Augusta(Uptown Division), GA	Replacement Medical Center	$ 97,000	$94,000	$12,400	$ 3,000	$ 84,600 1/
Baltimore, MD	Replacement Medical Center	121,000	88,800	10,800	32,200	110,200 2/
Dayton, OH	Replacement Medical Center	84,000	...	...	84,000	8,400
Milwaukee(Wood), WI	Fire and Safety Improvements	8,400	...	...	8,400	8,400
North Chicago, IL	Environmental Improvements, Patient and Nursing Home Care Buildings	92,000	...	...	92,000	9,200
Salem, VA	Outpatient, Clinical and Nursing Unit Addition	66,300	...	...	66,300	66,300
Salisbury, NC	Geropsychiatric Building	19,000	...	...	19,000	19,000
Salt Lake City, UT	Electrical Distribution	6,600	...	...	6,600	6,600
Waco, TX	Renovate Buildings 10 and 90	9,700	...	...	9,700	9,700
White River Junction, VT	Research and Education Building	9,300	...	...	9,300	9,300
	Subtotals	513,300	182,800	23,200	330,500	331,700
Balance of Request	Advance Planning Fund, Asbestos Abatement, Design Fund and National Cemetery Program	26,508	...	...	...	26,508
	Total, Construction, major projects program level	$539.808	$182,800	$23,200	$330,500	$358,208 3/
	FY 1987 Authorization Request	...	...	...	$330,500	...
	Less: reprogrammings from prior appropriations	...	...	...	...	- 57,000
	Budget authority	...	...	...	...	$301,208

1/ The House authorized $102,400,000 in FY 1985. The Senate authorized $12,400,000 in FY 1985 and a total of $94,000,000 in FY 1986. The total estimated cost has been reduced to $97,000,000 in FY 1987. Full authorization is requested from the Senate in FY 1987.

2/ The House authorized $111,000,000 in FY 1984. The senate authorized a total of $88,800,000 in FY 1986. The total estimated cost was increased to $121,000,000 in FY 1987, and full funding is requested from the House and Senate in the amounts of $10,000,000 and $32,200,000, respectively, in FY 1987.

3/ FY 1986 Design Funds in the amount of $8,000 have been subtracted.

CURRENT YEAR AUTHORIZATIONS
(dollars in thousands)

Location	Description	Total Estimated Cost	Available Thru 1986	Senate Authorization 1/	House Authorization
Allen Park, MI	Replacement and Modernization	$201,600	$ 26,760	$ 8,000	$ 8,000 2/
Amarillo, TX	120-bed Nursing Home Care Unit	6,500	6,500	6,500	6,500
Augusta, GA	Replacement Medical Center	97,000	12,400	94,000	102,400 3/
Baltimore, MD	Replacement and Modernization	121,000	10,800	88,800	111,000 4/
Big Spring, TX	Renovate Surgery	3,700	3,700	3,700	3,700
Brooklyn(St. Albans Division), NY	Modernize Kitchen and Satellite Dining Areas	4,800	4,800	4,800	4,800
Chicago(West Side), IL	Fire and Safety and Patient Privacy Improvements	6,600	6,600	6,600	6,600
Chicago(West Side), IL	Renovation of Buildings 11A and 11B, Phase II	18,000	18,000	18,000	18,000
Cleveland(Brecksville), OH	Fire and Safety Improvements	2,700	2,700	2,700	2,700
Cleveland(Wade Park), OH	Fire and Safety Improvements	5,200	5,200	5,200	5,200
Coatesville, PA	New Kitchen and Dining Hall	6,300	6,300	6,300	6,300
Durham, NC	Boiler Plant	2,200	2,200	2,200	2,200
Durham, NC	Parking Garage	9,100	...	9,100	9,100 5/
Hampton, VA	Electrical Systems Modernization	2,100	2,100	2,100	2,100
Hines, IL	180-bed Psychiatric Replacement Facility	23,000	23,000	23,000	23,000
Houston, TX	Replacement and Modernization	252,000	252,000	195,600	286,000 6/
Indianapolis, IN	Fire and Safety Improvements	5,000	5,000	5,000	5,000
Jackson, MS	Install Sprinkler System	3,000	3,000	3,000	3,000
Knoxville, IA	Fire and Safety Improvements	3,700	3,700	3,700	3,700
Long Beach, CA	Upgrade Secondary Electrical Distribution	5,300	5,300	5,300	5,300
Lyons, NJ	Renovate Buildings 7 and 57	13,600	13,600	13,600	13,600
Milwaukee(Wood), WI	Renovate Building 43 for Domiciliary	6,400	6,400	6,400	6,400
Mountain Home, TN	Bed Towers and Renovation	70,300	70,300	47,100	70,300 7/
New York, NY	Outpatient and Clinical Addition and Alterations	93,300	17,700	70,600	93,300 8/
Philadelphia, PA	Clinical Addition, Renovation, Parking and 240-bed Nursing Home Care Unit	119,300	119,300	103,300	139,000 9/
Poplar Bluff, MO	Electrical Distribution System Improvements	2,000	2,000	2,000	2,000
St. Louis(Jefferson Barracks Division), MO	Remodel Building 53	9,900	9,900	9,900	9,900
St. Louis(Jefferson Barracks Division), MO	Seismic Corrections	15,500	15,500	15,500	15,500
San Diego, CA	Non-structural Seismic Corrections	6,300	6,300	6,300	6,300

CURRENT YEAR AUTHORIZATIONS (Continued)
(dollars in thousands)

Location	Description	Total Estimated Cost	Available Thru 1986	Senate Authorization 1/	House Authorization
Syracuse, NY	Parking Garage	7,900	...	7,900	7,900 10/
Temple, TX	408-bed Replacement Domiciliary	17,300	17,300	17,300	17,300
Togus, ME	Clinical Improvements, Building 200	30,700	30,700	30,700	30,700
Tomah, WI	Modernize Buildings 403 and 404	6,100	6,100	6,100	6,100
Topeka, KS	Fire and Safety, Patient Privacy and Electrical Improvements	18,150	18,150	18,150	18,150 11/
Tucson, AZ	120-bed Nursing Home Care Unit	6,800	6,800	6,800	6,800
Wilkes Barre, PA	60-bed Nursing Home Care Unit	4,100	...	...	4,100 12/

1/ Please refer to S.876 passed by the Senate on July 8, 1985.

2/ The Senate authorized $8,000,000 in FY 1985. The House authorized $8,000,000 in FY 1986.

3/ The House authorized $102,400,000 in FY 1985. The Senate authorized $12,400,000 in FY 1985 and a total of $94,000,000 in FY 1986. The total estimated cost has been reduced to $97,000,000 in FY 1987.

4/ The House authorized $111,000,000 in FY 1984. The Senate authorized $6,500,000 in FY 1985 and authorized a total of $88,800,000 in FY 1986.

5/ The House and Senate authorized $9,100,000 in FY 1986; however, no funds were appropriated for this project in FY 1986.

6/ The House authorized $286,000,000, and the Senate authorized $25,200,000 in FY 1985. The Senate authorized an additional $170,400,000 in FY 1986, for a total of $195,600,000. The total estimated cost has been reduced to 252,000,000 in FY 1986.

7/ The House authorized full funding, and the Senate authorized $11,300,000 in FY 1985. The Senate authorized an additional $35,800,000 for a total of $47,100,000 in FY 1986.

8/ The House authorized full funding, and the Senate authorized $17,700,000 in FY 1985. The Senate authorized a total of $70,600,000 in FY 1986.

9/ The House authorized $139,000,000 and the Senate authorized $17,700,000 in FY 1985. The Senate authorized an additional $85,600,000 in FY 1986 for a total of $103,300,000. The total estimated cost has been reduced to $119,300,000 in FY 1986.

10/ The House and Senate authorized $7,900,000 in FY 1986; however, no funds were appropriated for this project in FY 1986.

11/ This project combined a FY 1985 electrical project with a FY 1986 fire and safety project. The House and Senate authorized $8,150,000 in FY 1985 and $10,000,000 in FY 1986.

12/ The House authorized $4,100,000 in FY 1986; however, no funds were appropriated for this project in FY 1986.

There are no lease authorizations requested in FY 1987.

AUTHORIZATION STATUS REPORT FOR ACTIVE PROJECTS

(dollars in thousands)

Status Codes:
P.P. - Preliminary Plans
W.D. - Working Drawings
C.O. - Construction
P.C. - Physically Complete

Location	Description	Senate Authorization	House Authorization	Appropriation Available	GSF Space	Status
Albany, NY	Modify Wards	$ 24,600	$ 24,600	$ 24,600	241,265	W.D.
Albuquerque, NM	New Clinical Service and Bed Building	115,000	115,000	71,844	529,298	C.O.
Alexandria, LA	120-Bed Nursing Home Care Unit	5,350	5,350	5,094	46,578	C.O.
Alexandria, LA	Clinical Improvements	26,300	26,300	26,300	182,843	W.D.
Allen Park, MI	Replacement and Modernization	8,000	8,000	26,760	...	P.P.
Altoona, PA	Ambulatory Care Addition	10,400	10,400	9,734	81,731	C.O.
Amarillo, TX	Addition and Renovation of Clinical Support	21,800	21,800	20,381	162,694	C.O.
Amarillo, TX	120-Bed Nursing Home Care Unit	6,500	6,500	6,500	50,952	P.P.
American Lake, WA	Laundry Replacement	4,380	4,380	4,380	17,170	W.D.
Ann Arbor, MI	120-Bed Nursing Home Care Unit	9,500	9,500	5,905	52,976	P.C.
Atlanta, GA	Two Additional Elevators	3,000	3,000	2,063	11,190	P.C.
Augusta(Lenwood), GA	Replacement Medical Center	94,000	102,400	12,400	706,339	W.D.
Baltimore, MD	Replacement Medical Center	88,800	111,000	10,800	...	W.D.
Bath, NY	Renovate Building 78 for Nursing Home Care Unit	7,000	7,000	6,345	66,014	C.O.
Battle Creek, MI	Renovate Building No. 82	3,800	3,800	3,043	33,440	C.O.
Bay Pines, FL	Replacement Hospital	2,000	2,000	113,985	998,214	P.C.
Big Spring, TX	Electrical Distribution System	2,160	2,180	1,852	N/A	C.O.
Big Spring, TX	Renovate Surgery	3,700	3,700	3,700	29,836	W.D.
Biloxi, MS	Clinical Addition	20,750	20,750	17,132	135,025	P.C.
Biloxi, MS	Modernize Various Buildings	88,500	97,000	49,253	507,205	C.O.
Birmingham, AL	Clinical Addition and Ward Modernization	55,300	55,300	52,665	519,635	C.O.
Boise, ID	60-Bed Nursing Home Care Unit	6,200	6,200	2,824	29,590	P.C.
Boise, ID	Geothermal Conversion	4,390	4,390	4,390	270,044	W.D.
Boston, MA	Secondary Generator and Updating of Interior Wiring	2,550	2,550	2,415	N/A	P.C.
Boston, MA	Fire and Safety Improvements - Sprinklers	4,280	4,280	4,280	689,626	W.D.
Brockton, MA	Fire/Safety Improvements	3,343	3,343	2,267	N/A	C.O.
Brockton, MA	Modernize Buildings No. 2 and 7	24,000	24,000	21,986	212,144	C.O.
Brockton(West Roxbury), MA	Outpatient Addition, Research and Education, Administration	42,600	42,600	42,600	227,374	W.D.
Bronx, NY	120-Bed Nursing Home Care Unit	11,700	11,700	10,080	58,161	C.O.
Brooklyn(St. Albans Division), NY	Modernize Kitchen and Satellite Dining Areas	4,800	4,800	4,800	34,623	P.P.
Buffalo, NY	Fire/Safety Improvements	5,950	5,950	4,782	704,000	C.O.
Buffalo, NY	Research Building and Clinical Expansion	16,250	16,250	16,250	131,096	W.D.
Castle Point, NY	Building Addition	8,000	8,000	8,000	46,381	W.D.
Charleston, SC	Clinical Addition and Renovation of Existing Services	12,900	12,900	9,965	80,745	C.O.
Cheyenne, WY	Expand and Renovate Building 1 for Clinical Functions	14,475	14,475	14,475	101,657	W.D.

AUTHORIZATION STATUS REPORT FOR ACTIVE PROJECTS (Continued)

Location	Description	Senate Authorization	House Authorization	Appropriation Available	GSF Space	Status
Chicago(West Side), IL	Fire and Safety and Patient Privacy Improvements	$ 6,600	$ 6,600	$ 6,600	26,211	W.D.
Chicago(West Side), IL	Outpatient Addition and Renovation, Buildings No. 11A and 11B	40,600	45,000	23,724	230,767	C.O.
Chicago(West Side), IL	Renovation of Buildings 11A and 11B, Phase II	18,000	18,000	18,000	143,530	P.P.
Chillicothe, OH	Modernize Buildings No. 24, 31, and 35, Phase II	16,400	16,400	12,625	173,310	C.O.
Chillicothe, OH	Renovate Building 1 (Modernization Phase III)	4,270	4,270	4,270	49,043	W.D.
Cincinnati, OH	Upgrade Electrical Distribution	3,500	3,500	3,379	N/A	C.O.
Clarksburg, WV	Clinical Addition and Alterations	21,400	21,400	21,400	173,802	W.D.
Cleveland, OH	Clinical Improvements and Relocate Surgery	9,400	15,000	9,400	71,357	W.D.
Cleveland(Brecksville), OH	Fire and Safety Improvements	2,700	2,700	2,700	554,941	W.D.
Cleveland(Wade Park), OH	Fire and Safety Improvements	5,200	5,200	5,200	641,313	W.D.
Coatesville, PA	120-Bed Nursing Home Care Unit	8,500	8,500	6,929	50,000	P.C.
Coatesville, PA	Fire and Safety Improvements	11,600	11,600	11,600	N/A	W.D.
Coatesville, PA	New Kitchen and Dining Hall	6,300	6,300	6,300	29,296	W.D.
Dallas, TX	120-Bed Nursing Home Care Unit	8,500	8,500	7,220	54,432	P.C.
Dallas, TX	Upgrade Primary Electrical Distribution System	3,110	3,110	3,110	N/A	W.D.
Danville, IL	Relocation and Expansion of Processing and Distribution	6,400	6,400	3,461	45,568	P.C.
Danville, IL	Renovate Building 14 for Administration	2,780	2,780	2,780	28,111	W.D.
Denver, CO	60-Bed Nursing Home Care Unit	6,500	6,500	4,335	29,594	P.C.
Denver, CO	Clinical Support Wing, Air Conditioning and Fire/Safety Improvements	58,092	58,092	41,481	404,741	P.C.
Durham, NC	Boiler Plant	2,200	2,200	2,200	4,320	P.P.
Durham, NC	Clinical Addition	29,200	29,200	29,200	265,690	W.D.
Durham, NC	120-Bed Nursing Home Care Unit, Research Administration and Geriatric Research Education and Clinical Center	8,725	8,725	8,725	71,607	W.D.
Durham, NC	Three Additional Elevators, Trash and Linen Chute	3,000	3,000	3,245	25,266	C.O.
East Orange, NJ	Relocate/Consolidate Research and Expand Clinical Laboratories	3,800	3,800	3,800	22,394	W.D.
Fargo, ND	Addition for Clinical Improvements	20,363	20,363	13,687	105,400	C.O.
Fayetteville, AR	Clinical Addition	4,500	4,500	3,880	38,392	P.C.
Fayetteville, NC	Clinical Addition	22,000	22,000	11,718	127,920	C.O.
Fresno, CA	60-Bed Nursing Home Care Unit	5,600	5,600	4,639	29,355	P.C.
Fresno, CA	Clinical Addition	6,250	6,250	6,250	38,585	W.D.
Grand Island, NE	Fire and Safety Improvements, Air Conditioning, Patient Privacy and Support Systems	5,850	5,850	5,850	197,185	W.D.
Grand Junction, CO	Outpatient and Clinical Addition	11,950	11,950	11,950	85,917	W.D.
Hampton, VA	Electrical Systems Modernization	2,100	2,100	2,100	N/A	W.D.
Hampton, VA	Fire and Safety Improvements	5,670	5,670	5,670	663,675	W.D.

AUTHORIZATION STATUS REPORT FOR ACTIVE PROJECTS Continued)

Location	Description	Senate Authorization	House Authorization	Appropriation Available	GSF Space	Status
Hines, IL	New Warehouse/Service Building	11,000	11,000	8,628	89,212	C.O.
Hines, IL	180-Bed Psychiatric Replacement Facility	23,000	23,000	23,000	197,895	W.D.
Hines IL	Supply Depot Expansion	9,000	9,000	6,257	78,500	P.C.
Hines, IL	120-Bed Nursing Home Care Unit	10,950	10,950	5,750	59,882	C.O.
Hines, IL	Primary Distribution and Secondary Distribution	5,600	5,600	3,602	N/A	C.O.
Hines, IL	40-Bed Long-Term Spinal Cord Injury Building	5,750	5,750	5,750	31,930	W.D.
Houston, TX	Replacement and Modernization	195,600	286,000	252,000	1,626,008	W.D.
Indianapolis, IN	Fire and Safety Improvements	5,000	5,000	5,000	416,600	P.P.
Iowa City, IA	Fire/Safety Improvements	2,700	2,700	1,301	N/A	P.C.
Iowa City, IA	Ambulatory Care and Clinical Addition	20,600	20,600	20,600	214,500	W.D.
Jackson, MS	Install Sprinkler System	3,000	3,000	3,000	404,000	W.D.
Kerrville, TX	120-Bed Nursing Home Care Unit	7,750	7,750	6,970	48,017	P.C.
Knoxville, IA	Fire and Safety Improvements	3,700	3,700	3,700	476,898	W.D.
Lake City, FL	Outpatient and Clinical Addition	5,200	5,200	4,766	44,539	C.O.
Lake City, FL	Primary Distribution, Secondary Distribution and Generator	3,300	3,300	1,388	N/A	P.C.
Lake City, FL	120-Bed Nursing Home Care Unit	9,100	9,100	4,743	60,000	P.C.
Leavenworth, KS	Fire and Safety Improvements for Buildings No. 88, 89, 90, 91 and 122; Patient Privacy Improvements for Building No. 90	9,600	9,600	8,085	N/A	C.O.
Lexington, KY	Clinical Addition	35,200	35,200	35,200	218,947	W.D.
Lincoln, NE	Outpatient Addition	9,200	9,200	4,384	37,555	C.O.
Livermore, CA	Fire and Safety Improvements; Additional Service Elevator	6,500	6,500	6,500	102,967	W.D.
Loma Linda, CA	60-Bed Nursing Home Care Unit	4,500	4,500	4,481	25,944	C.O.
Long Beach, CA	Addition and Renovation for Supply Processing and Distribution	2,550	2,550	2,704	24,480	P.C.
Long Beach, CA	160-Bed Spinal Cord Injury Unit and Spinal Cord Injury Outpatient Clinic	22,825	22,825	22,825	150,417	W.D.
Long Beach, CA	Construct Supply Warehouse	3,770	3,770	3,770	48,891	W.D.
Long Beach, CA	Upgrade Secondary Electrical Distribution	5,300	5,300	5,300	N/A	W.D.
Los Angeles, CA	Outpatient Clinic	48,100	48,100	48,100	203,927	W.D.
Louisville, KY	Medical Gases, Nurse Call System and Patient Privacy	3,700	3,700	2,356	91,025	P.C.
Louisville, KY	Clinical and Education Addition	12,380	12,380	12,380	99,095	W.D.
Lyons, NJ	240-Bed Nursing Home Care Unit	20,000	20,000	15,651	94,022	C.O.
Lyons, NJ	Renovate Building 4 for Intermediate Care	3,870	3,870	3,870	26,440	W.D.
Lyons, NJ	Renovate Buildings 7 and 57	13,600	13,600	13,600	104,067	W.D.
Lyons, NJ	Fire and Safety Improvements	13,200	13,200	13,200	461,921	W.D.
Marion, IL	60-Bed Nursing Home Care Unit	5,800	5,800	3,822	32,988	P.C.
Marion, IL	Seismic Corrections	5,665	5,665	5,665	115,360	W.D.
Memphis, TN	Ambulatory Care Addition	9,250	9,250	5,655	26,700	P.C.
Memphis, TN	120-Bed Spinal Cord Injury Unit and Research and Education	34,000	34,000	20,955	202,841	C.O.
Miami, FL	120-Bed Nursing Home Care Unit	7,100	7,100	5,764	50,873	C.O.
Miami, FL	Outpatient Addition, Renovation and Spinal Cord Injury Relocation	49,000	49,000	19,362	225,755	C.O.

AUTHORIZATION STATUS REPORT FOR ACTIVE PROJECTS (Continued)

Location	Description	Senate Authorization	House Authorization	Appropriation Available	GSF Space	Status
Minneapolis, MN	Replacement Medical Center	269,000	282,000	189,000	1,462,365	C.O.
Mountain Home, TN	Bed Towers and Renovation	47,100	70,300	70,300	453,586	C.O.
Murfreesboro, TN	Clinical Addition and Alterations	17,000	17,000	12,384	149,249	C.O.
Murfreesboro, TN	120-Bed Nursing Home Care Unit	5,555	5,555	5,555	44,510	W.D.
Muskogee, OK	Outpatient Addition	10,100	10,100	8,094	84,220	P.C.
New Orleans, LA	Expansion of Clinical, Outpatient, Research and Education Space	67,650	67,650	67,895	465,885	C.O.
New York, NY	Outpatient and Clinical Addition and Alterations	70,600	93,300	17,700	376,600	W.D.
North Chicago, IL	Fire/Safety Improvements	2,701	...	4,026	N/A	P.C.
Northport, NY	120-Bed Nursing Home Care Unit	8,200	8,200	8,306	42,780	C.O.
Omaha, NE	Outpatient Addition	26,000	26,000	12,416	128,862	C.O.
Omaha, NE	Electrical, Fire and Safety Corrections	5,460	5,460	5,460	1,203,800	W.D.
Palo Alto(Palo Alto Division), CA	Surgical Addition and Fire/Safety Improvements	3,900	...	17,643	101,243	C.O.
Palo Alto(Palo Alto Division), CA	Spinal Cord Injury Addition	15,050	15,050	15,050	76,502	W.D.
Palo Alto(Menlo Park Division), CA	Seismic Improvements	30,200	30,200	19,482	165,470	P.C.
Perry Point, MD	New Laundry Building	7,700	7,700	5,427	42,990	C.O.
Philadelphia, PA	Clinical Addition, Renovation, Parking and 240-Bed Nursing Home Care Unit	103,300	139,000	119,300	621,970	C.O.
Pittsburgh(Highland Drive), PA	Central Laundry	6,500	6,500	5,234	31,102	C.O.
Pittsburgh(Highland Drive), PA	Fire and Smoke Detectors, Modernize HVAC, Secondary Electrical System	31,900	31,900	31,900	729,346	W.D.
Pittsburgh(University Drive), PA	Fire/Safety Improvements	8,400	8,400	5,325	57,000	P.C.
Pittsburgh(University Drive), PA	Outpatient Addition	24,500	25,200	25,483	125,684	C.O.
Poplar Bluff, MO	Electrical Distribution Systems Improvements	2,000	2,000	2,000	N/A	W.D.
Prescott, AZ	60-Bed Nursing Home Care Unit	5,200	5,200	5,200	50,418	W.D.
Providence, RI	60-Bed Nursing Home Care Unit	5,300	5,300	... 1/	26,968	P.P.
Reno, NV	60-Bed Nursing Home Care Unit	5,100	5,100	5,042	31,625	P.C.
St. Louis(Jefferson Barracks), MO	60-Bed Nursing Home Care Unit	8,200	8,200	5,336	37,294	C.O.
St. Louis(Jefferson Barracks), MO	Laundry Replacement	3,800	3,800	3,800	17,762	W.D.
St. Louis(Jefferson Barracks), MO	Remodel Building 53	9,900	9,900	9,900	60,144	P.P.
St. Louis(Jefferson Barracks), Mo	Seismic Corrections	15,500	15,500	15,500	521,020	W.D.
St. Louis(John Cochran), MO	Clinical Addition, Ward Renovation, New Ambulatory Care Building	43,421	43,421	29,499	231,456	C.O.
San Antonio, TX	Sprinkler, Horizontal Exits and Fire/Safety Improvements	5,700	5,700	3,911	631,532	P.C.
San Antonio, TX	120-Bed Nursing Home Care Unit	10,100	10,100	8,185	56,335	C.O.
San Antonio, TX	Supply Warehouse and Supply Processing and Distribution	4,200	4,200	4,387	41,276	C.O.

AUTHORIZATION STATUS REPORT FOR ACTIVE PROJECTS (Continued)

Location	Description	Senate Authorization	House Authorization	Appropriation Available	GSF Space	Status
San Diego, CA	Emergency Generator and Conservation of Energy	4,200	4,200	4,200	N/A	C.O.
San Diego, CA	Non-structural Seismic Corrections	6,300	6,300	6,300	879,857	W.D.
San Diego, CA	Spinal Cord Injury Unit and Outpatient Clinic	8,700	8,700	8,700	43,44[illegible]	W.D.
San Francisco, CA	120-Bed Nursing Home Care Unit	14,700	14,700	14,700	58,598	W.D.
San Francisco, CA	Remodel Buildings No. 2, 4, and 200 for New Functions	31,052	31,052	33,400	229,140	C.O.
San Juan, PR	120-Bed Nursing Home Care Unit and 10-Bed Blind Rehabilitation Center	8,900	8,900	8,900	59,361	W.D.
Sheridan, WY	Outpatient Clinic Addition	10,300	10,300	10,300	91,446	W.D.
Shreveport, LA	Outpatient, Electrical, and Clinical Improvements	10,400	10,400	11,470	95,551	C.O.
Sioux Falls, SD	Addition and Renovation for Ambulatory Care, Clinical Service, Administration and Education	12,800	12,800	11,739	79,524	C.O.
Spokane, WA	60-Bed Nursing Home Care Unit	6,000	6,000	4,713	29,800	P.C.
Syracuse, NY	Fire and Safety, Patient Privacy Support Systems and HVAC	32,800	32,800	31,274	464,271	C.O.
Tampa, FL	120-Bed Nursing Home Care Unit	10,600	10,600	6,038	60,000	P.C.
Tampa, FL	Land Purchase	2,000	2,000	2,150	N/A	P.C.
Tampa, FL	Radiation Therapy	4,170	4,170	4,413	23,729	C.O.
Temple, TX	Clinical Expansion	27,600	27,600	14,701	206,210	C.O.
Temple, TX	408-Bed Replacement Domiciliary	17,300	17,300	17,300	166,008	W.D.
Togus, ME	Clinical Improvements, Building 200	30,700	30,700	30,700	263,216	W.D.
Togus, ME	Renovate Bed Building	5,100	5,100	2,847	41,348	C.O.
Tomah, WI	Modernize Buildings 403 and 404	6,100	6,100	6,100	90,043	W.D.
Tomah, WI	Renovate Buildings No. 406 and 408	9,800	9,800	6,645	122,439	C.O.
Topeka, KS	Fire and Safety, Patient Privacy and Electrical Improvements	18,150	18,150	18,150	36,470	W.D.
Tucson, AZ	Clinical Expansion	20,850	20,850	14,657	120,727	C.O.
Tucson, AZ	120-Bed Nursing Home Care Unit	6,800	6,800	6,800	43,209	W.D.
Tuscaloosa, AL	Outpatient Addition	16,900	16,900	9,393	96,848	C.O.
Tuskegee, AL	Replace Bed Building No. 62	11,800	11,800	10,856	72,548	C.O.
Waco, TX	Fire/Safety Improvements	11,700	11,700	4,700	600,815	C.O.
Waco, TX	New Dietetics Building	7,500	7,500	7,500	26,518	W.D.
West Haven, CT	Fire/Safety Improvements	7,200	7,200	7,200	N/A	W.D.
West Los Angeles, CA	120-Bed Nursing Home Care Unit	6,800	6,800	4,095	57,762	P.C.
West Los Angeles, CA	120-Bed Nursing Home Care Conversion (Building 213)	7,500	7,500	9,000	58,215	W.D.
West Los Angeles, CA	117-Bed Nursing Home Care Unit	5,470	5,470	5,470	73,888	W.D.
West Los Angeles, CA	Renovate Buildings for Domiciliary	11,675	11,675	11,675	126,278	W.D.
Wichita, KS	Renovate for Outpatient Unit	10,400	10,400	5,803	88,476	P.C.
Wichita, KS	60-Bed Nursing Home Care Unit	6,800	6,800	3,450	30,949	P.C.

1/ This project was not appropriated and will be deleted from future reports.

AUTHORIZATION STATUS REPORT FOR LEASES
(dollars in thousands)

Status Codes:

N.A. - Negotiation and Approval
L.A. - Lease Awarded
A.C. - Alternatives to leased space being considered
P.R. - Pending Review
P.C. - Proposed VA Construction Project
C. - Complete

Location	Description	Senate Authorization	House Authorization	GSF Space	Status
Boston, MA	Outpatient Clinic	...	$1,200	142,000	A.C.
Brooklyn, NY	Outpatient Clinic	...	750	112,500	P.C.
Los Angeles, CA	Outpatient Clinic	$1,000	1,000	132,000	P.C. 1/
Newark, NJ	Outpatient Clinic	...	500	58,500	P.C.
New York, NY	Outpatient Clinic	...	1,500	300,000	P.C.
Pensacola, FL	Outpatient Clinic	607	637	48,000	L.A. 2/
Portland, OR	Outpatient Clinic	761	761	45,000	C. 3/
San Antonio, TX	Outpatient Clinic	...	840	43,500	P.C. 4/

1/ This authorization was provided to allow the Agency to lease 112,000 net square feet in downtown Los Angeles. Full funding for this project was requested in the FY 1985 budget.

2/ The lease was awarded on 12/13/84 for $500,884 annually.

3/ The lease was awarded on 2/15/84 for $588,800 annually.

4/ An interim lease for 43,500 gross square feet will be required until both the Department of Veterans Benefits Field Office and/or outpatient clinic space is completed at VAMC San Antonio.

VETERANS ADMINISTRATION

VOLUME IV

GENERAL OPERATING EXPENSES PROGRAMS

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GENERAL OPERATING EXPENSES

1987

APPROPRIATION LANGUAGE

For necessary operating expenses of the Veterans Administration, not otherwise provided for, including uniforms or allowances therefor, as authorized by law; not to exceed $3,000 for official reception and representation expenses; cemeterial expenses as authorized by law; purchase of [ten] eleven passenger motor vehicles, for use in cemeterial operations, and hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services and the Department of Defense for the cost of overseas employee mail; [$760,060,000] $762,579,000.

EXPLANATION OF LANGUAGE CHANGE

The VA requests authority to purchase eleven passenger cars for cemeterial operations. Of these, six will be replacement and five will be new vehicles; the latter are necessary to accommodate cemetery expansion and anticipated interment workloads.

PROGRAM DESCRIPTION

The General Operating Expenses (GOE) appropriation provides funding for the administration of all Veterans Administration non-medical benefits and support functions for the entire Agency. It includes three activities: the Department of Veterans Benefits, the Department of Memorial Affairs, and General Administration.

The Department of Veterans Benefits operates a national network of 59 field offices which are the main contact points for veterans with the Veterans Administration. All applications for non-medical benefits are processed through these locations. DVB has recently embarked on a modernization course which will enable the department to more effectively, efficiently and responsively serve the Nation's veterans and their families (see DVB, ADP Systems Management pg. 20-29). The key features of the modernized systems include: on-line, interactive processing; decentralized and distributed processing and storage; and a consolidated and integrated data base. Full implementation is expected to take three to five years.

The Department of Memorial Affairs operates and maintains a nationwide system of 109 national cemeteries and 32 miscellaneous sites in which eligible deceased servicepersons and their dependents are interred. This department also administers the Grants for the Construction of State Veterans' Cemeteries program which provides matching financial assistance to States for the establishment, expansion and/or improvement of State owned veterans' cemeteries.

General Administration consists of the Office of the Administrator, four Associate Deputy Administrators and all Agency level staff offices, except for the Office of Procurement and Supply. The Office of the Administrator, along with and through the Associate Deputy Administrators, provides Agency level policy guidance relative to the administration of veterans benefits. The staff offices provide administrative support to the two GOE departments and to the Department of Medicine and Surgery. General Administration includes the Office of Data Management and Telecommunications which operates the Agency's data processing centers and provides ADP systems development and communications planning support to all Agency components, except for Department of Medicine and Surgery medical center ADP applications.

Reorganizations - Three reorganizations which will be implemented in 1987 impact the General Operating Expenses appropriation. The changes described below are reflected in this submission.

The Office of Construction will move to the Department of Medicine and Surgery (see Volume III). In connection with this move, General Administration will receive 13 FTEE from the Office of Construction. Of this total, 10 FTEE will go to the newly constituted Associate Deputy Administrator for Management to perform an independent facilities management oversight function, formerly the responsibility of the Office of Construction. Also, the Office of Budget and Finance (Controller) will receive 3 FTEE to strengthen the construction budget oversight function.

The Department of Veterans Benefits' modernization plan includes the transfer of 362 FTEE from the Office of Data Management and Telecommunication in order to move ADP program specialists closer to the DVB program specialists. Although these employees will be performing essentially the same functions, DVB will have greater control of ADP resources and will thus be better able to focus expenditures on service delivery priorities.

The Department of Veterans Benefits will consolidate the St. Paul and Philadelphia insurance operations beginning in October 1987. The merger at Philadelphia will be phased in over an 18-month period. Once the transfer is complete annual savings are estimated at $1.8 million and 38 FTEE. By facilitating more timely implementation of program and policy changes, the merger is also expected to result in improved service to the policyholders.

GENERAL OPERATING EXPENSES

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate1/	Current Estimate	1987 Estimate	Increase(+) Decrease(-)
Jurisdictional:					
Department of Veterans Benefits:					
Obligations	$498,129	$510,436	$477,333	$523,335	$+46,002
Average Employment	13,416	12,894	12,600	13,000	+400
Department of Memorial Affairs:					
Obligations	$44,513	$45,542	$42,128	$44,381	$+2,253
Average Employment	1,219	1,161	1,176	1,189	+13
General Administration:					
Obligations	$239,536	$247,181	$229,057	$238,093	$+9,036
Average Employment	4,725	4,626	4,525	4,123	-402
Total General Operating Expenses:	-------	-------	-------	-------	-------
Obligations	$782,178	$803,159	$748,518	$805,809	$+57,291
Average Employment	19,360	18,681	18,301	18,312	+11
Common Services (-):					
Department of Veterans Benefits:					
Obligations	$5,728	$5,473	$5,645	$5,675	$+30
Average Employment	222	220	212	210	-2
General Administration:					
Obligations	$11,155	$11,155	$11,218	$11,161	$-57
Average Employment	397	397	397	397	...
Total General Operating Expenses:	-------	-------	-------	-------	-------
Obligations	$16,883	$16,628	$16,863	$16,836	$-27
Average Employment	619	617	609	607	-2
Net:					
Department of Veterans Benefits:					
Obligations	$492,401	$504,963	$471,688	$517,660	$+45,972
Average Employment	13,194	12,674	12,388	12,790	+402
Department of Memorial Affairs:					
Obligations	$44,513	$45,542	$42,128	$44,381	$+2,253
Average Employment	1,219	1,161	1,176	1,189	+13
General Administration:					
Obligations	$228,381	$236,026	$217,839	$226,932	$+9,093
Average Employment	4,328	4,229	4,128	3,725	-402
Total General Operating Expenses:	-------	-------	-------	-------	-------
Obligations	$765,296	$786,531	$731,655	$788,973	$+57,318
Average Employment	18,741	18,064	17,692	17,705	+13
Reimbursements (-)	$16,362	$18,281	$18,820	$26,394	$+7,574
Unobligated Balance Lapsing	5,019	...	...	...	...
	-------	-------	-------	-------	-------
Budget Authority	$753,954	$768,250	$712,835	$762,579	$+49,744
Transfers from other accounts	...	...	8,000	...	-8,000
Reduction pursuant to PL 99-160	...	...	-23,196	...	+23,196
Reduction pursuant to PL 99-177	...	...	-32,029	...	+32,029
	-------	-------	-------	-------	-------
Appropriation	$753,954	$768,250	$760,060	$762,579	$+2,519
Outlays	$724,048	$767,694	$715,425	$758,945	$+43,520

1/ President's budget request, as amended

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate1/	P.L. 99-160 with Adj2/	Adj. for PL 99-1773/	Current Estimate	Current Est. vs. Budget
Jurisdictional:					
Department of Veterans Benefits:					
Obligations	$510,436	$498,426	$-21,093	$477,333	$-33,103
Average Employment	12,894	13,031	-431	12,600	-294
Department of Memorial Affairs:					
Obligations	$45,542	$44,013	$-1,885	$42,128	$-3,414
Average Employment	1,161	1,189	-13	1,176	15
General Administration:					
Obligations	$247,181	$238,108	$-9,051	$229,057	$-18,124
Average Employment	4,626	4,573	-48	4,525	-101
Total General Operating Expenses:					
Obligations	$803,159	$780,547	$-32,029	$748,518	$-54,641
Average Employment	18,681	18,793	-492	18,301	-380
Common Services (-):					
Department of Veterans Benefits:					
Obligations	$5,473	$5,645	...	$5,645	$172
Average Employment	220	212	...	212	-8
General Administration:					
Obligations	$11,155	$11,218	...	$11,218	$63
Average Employment	397	397	...	397	...
Total General Operating Expenses:					
Obligations	$16,628	$16,863	...	$16,863	$235
Average Employment	617	609	...	609	-8
Net:					
Department of Veterans Benefits:					
Obligations	$504,963	$492,781	$-21,093	$471,688	$-33,275
Average Employment	12,674	12,819	-431	12,388	-286
Department of Memorial Affairs:					
Obligations	$45,542	$44,013	$-1,885	$42,128	$-3,414
Average Employment	1,161	1,189	-13	1,176	15
General Administration:					
Obligations	$236,026	$226,890	$-9,051	$217,839	$-18,187
Average Employment	4,229	4,176	-48	4,128	-101
Total General Operating Expenses:					
Obligations	$786,531	$763,684	$-32,029	$731,655	$-54,876
Average Employment	18,064	18,184	-492	17,692	-372
Reimbursements (-):	$18,281	$18,820	...	$18,820	$539
Budget Authority	$768,250	$744,864	$-32,029	$712,835	$-55,415
Transfers from other accounts	...	$8,000	...	$8,000	$8,000
Reduction pursuant to P.L. 99-160	...	$-23,196	...	$-23,196	$-23,196
Reduction pursuant to P.L. 99-177	...	...	$-32,029	$-32,029	$-32,029
Appropriation	$768,250	$760,060	...	$760,060	$-8,190
Outlays	$767,694	$744,466	$-29,041	$715,425	$-52,269

1/ President's budget request, as amended.
2/ Adjusted for Congressional action and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

This table shows three different funding levls for 1986. The first, Budget Estimate, reflects the original 1986 President's budget request, amended. The second column is the enacted appropriation level (P.L. 99-160), adjusted for Congressional action and current year re-estimates of requirements. The Current Estimate column reflects the impact of P.L. 99-177, the Balanced Budget and Emergency Deficit Control Act of 1985.

Overall, 1986 budget authority for the G.O.E. appropriation has been reduced by a net of $55.4 million (7.2%) and average employment by a net of 425 FTEE (2.3%). These amounts are made up of: a reduction of $23.4 million and an increase of 112 FTEE from the budget estimate to the Congressional action level; and, a further budget authority decrease of $32 million and an employment decrease of 492 FTEE to achieve reductions pursuant to the Balanced Budget and Emergency Deficit control Act of 1985.

The Department of Veterans Benefits' original budget estimate, as amended, included $10.1 million, the net of $25.1 million to consolidate regional office functions and the anticipated savings of $15 million and 624 FTEE resulting from this initiative. The Congressional action column (P.L. 99-160 with Adj.) reflects elimination of this proposal and the $10.1 million, and adding back of the 624 FTEE. Further, this column reflects $7 million which will be transferred from the Medical Care appropriation for modernization, and a reduction of $9.5 million and 487 FTEE resulting from Congressional action on the GOE appropriation.

In order to achieve a reduction of $21.1 million pursuant to P.L. 99-177, DVB will freeze hiring, resulting in savings of $13.7 million and 431 FTEE, as well as lower non-payroll spending, including travel, printing and reproduction, other services, supplies and materials, and equipment. A reprogramming request to lower the impact of the P.L. 99-177 on employment will be proposed in the immediate future.

The Department of Memorial Affairs' employment rose to 1,189 FTEE, a net of 28 FTEE above the original budget estimate of 1,161 FTEE, due to re-estimates of A-76 savings achievable and realistic payroll funding expectations in light of Congressional action ($-1.5 million). Another 13 FTEE will be reduced to partially achieve a P.L. 99-177 reduction of $1.9 million. Also, maintenance and repair projects at national cemeteries will be curtailed, and purchases of vehicles and utility and operating equipment will be deferred or, in some cases, cancelled.

General Administration was reduced by $10.1 million and 53 FTEE as a result of Congressional action. An additional $9.1 million and 48 FTEE will be reduced pursuant to P.L. 99-177, including 5 FTEE in the Office of Inspector General, 18 FTEE in the Board of Veterans Appeals, 8 FTEE in the Office of General Counsel and 5 FTEE in the Office of Information Management and Statistics. In addition to a hiring freeze to achieve these payroll savings, offices will curtail overtime, cash awards, travel, contractual services, supplies and equipment intended for office automation efforts.

GENERAL OPERATING EXPENSES

SUMMARY OF BUDGET REQUEST

The General Operating Expenses appropriation request is $762,579,000 with average employment of 18,312 to accomplish the missions of the Department of Veterans Benefits, the Department of Memorial Affairs and the General Administration activity in 1987. These resource levels represent increases of $49,744,000 above the current adjusted appropriation in 1986, with a increase of 11 average employment from the 1986 level.

The Department of Veterans Benefits (DVB) requests $515,460,000 and 13,000 FTEE to accomplish its objectives in 1987. This is an increase of $46,022,000 and 400 FTEE above the 1986 current estimate. The increase includes $13,189,000 and 362 FTEE to be transferred from the Office of Data Management and Telecommunications, thus placing responsibility for the management of DVB's data processing development efforts directly within the Department. The 1987 DVB request also includes $25,000,000 (partially offset by first year savings of $5.3 million and 264 FTEE) for the DVB modernization effort to provide better services to veterans and their families through the use of updated ADP and telecommunications technology. The DVB request also includes a proposal to consolidate the St. Paul and Philadelphia insurance operations. The merger at Philadelphia is expected to save $1.8 million and 38 FTEE annually after full implementation.

The Department of Memorial Affairs (DMA) requests $44,206,000 and average employment of 1,189 FTEE for 1987. Although this represents a net increase of $2,253,000 and 13 FTEE above the 1986 current estimate, no new initiatives are included. The additional resources will enable DMA to maintain a current level of service in 1987. Interments are projected to reach 54,500 in 1987 and 316,000 headstone/marker applications are expected to be processed.

The General Administration activity request for 1987 is $202,913,000, with average employment of 4,123. This request will provide the necessary resources for all Agency-level staff offices, except the Office of Procurement and Supply. The 1987 resource request is $1,469,000 above 1986 although average employment will fall by 402 FTEE. These levels are net of the $13,189,000 and 362 FTEE which transfer to DVB as mentioned above. New initiatives in 1987 include $1.5 million for PAID redesign software development in the Office of Data Management and Telecommunications. This office will also save $.8 million and 113 FTEE by contracting out data processing center operations at Hines, IL. The Office of Information Management and Statistics request includes $2 million for surveys, including a Survey of Disabled Veterans, a Survey of Medical System Users, and completion of the third Survey of Veterans (SOV III) which begins in 1986. Also in 1987, it is proposed that the Office of Administration assume responsibility for building management of the VA Central Office. Resources of $2.7 million and 11 FTEE are to be transferred from GSA for this takeover.

ANALYSIS OF INCREASES AND DECREASES
(dollars in thousands)

	1986 Estimate	1987 Estimate
Prior Year Obligations	$765,296	$731,655
Modernization - DVB	+11,266	+16,349
Employment Reduction net of Medicare and Social Security Increases	-9,091	...
Office Space Reductions	-441	-1,169
Communications and Utility Costs	+7,083	+5,239
VADATS (Replacement in 1987)	+3,696	+5,606
Supply and Equipment Reductions	-12,317	...
Survey of Veterans III & Other Studies	+850	+1,100
VA Central Office Building Maintenance Tranfer	...	+3,048
A-76 and Other Contracts	-5,574	+3,814
PAID Redesign	...	+1,502
Travel and Printing (Before P.L. 99-177)	+2,916	...
Public Law 99-177	-32,029	+21,829
(Payroll)	(-11,598)	(+5,322)
(Non-Payroll)	(-20,431)	(+16,507)
Total Net Obligations	$731,655	$788,973

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate 1/	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment:					
Jurisdictional	19,360	18,681	18,301	18,312	+ 11
Common Services (-)	619	617	609	607	- 2
Net	18,741	18,064	17,692	17,705	+ 13
Obligations:					
Jurisdictional:					
Personal Services	$550,600	$551,085	$525,499	$531,687	$+ 6,188
Travel	10,371	12,767	10,552	11,357	+ 805
Transportation of Things	1,509	3,500	1,620	1,569	- 51
Rents, Communications & Utilities	121,787	141,088	130,372	139,361	+ 8,989
Printing and Reproduction	5,316	6,630	5,094	7,158	+ 2,064
Other Services	58,613	57,386	55,585	82,012	+26,427
Supplies and Materials	15,221	16,500	10,448	15,031	+ 4,583
Equipment	18,539	13,948	9,138	17,434	+ 8,296
Insurance Claims and Indemnities	223	255	210	200	- 10
Total Jurisdictional Obligations	$782,178	$803,159	$748,518	$805,809	$+57,291
Common Services (-):					
Personal Services	$ 14,439	$ 14,225	$ 14,090	$ 14,088	$- 2
Transportation of Things	43	43	203	146	- 57
Rents, Communications & Utilities	382	401	297	371	+ 74
Printing and Reproduction	1,027	1,027	1,027	1,027	...
Other Services	192	128	393	344	- 49
Supplies and Materials	800	804	853	860	+ 7
Total Common Services	$ 16,883	$ 16,628	$ 16,863	$ 16,836	$- 27
Net:					
Personal Services	$536,161	$536,860	$511,409	$517,599	$+ 6,190
Travel	10,371	12,767	10,552	11,357	+ 805
Transportation of Things	1,466	3,457	1,417	1,423	+ 6
Rents, Communications & Utilities	121,405	140,687	130,075	138,990	+ 8,915
Printing and Reproduction	4,289	5,603	4,067	6,131	+ 2,064
Other Services	58,421	57,258	55,192	81,668	+26,476
Supplies and Materials	14,421	15,696	9,595	14,171	+ 4,576
Equipment	18,539	13,948	9,138	17,434	+ 8,296
Insurance Claims and Indemnities	223	255	210	200	- 10
Total Net Obligations	$765,296	$786,531	$731,655	$788,973	$+57,318

1/ President's budget request, as amended

NOTE: See individual activities for further detail

CONSULTING SERVICES

GENERAL OPERATING EXPENSES
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Request
Obligations	$127	$30	$143

Program Description

Letters of agreement for consultant services funded through the General Operating Expenses program are issued primarily for the following purposes:

1. The Department of Memorial Affairs requests $18,000 in FY 1987 to support the appointment, by the Administrator, of an Advisory Committee on Cemeteries and Memorials, as required by Public Law 93-43, the National Cemeteries Act of 1983, enacted June 18, 1973. Section 1001 thereof provides "The Administrator shall advise and consult with the Committee from time to time with respect to the administration of the cemeteries for which he is responsible, and with respect to the selection of cemetery sites, the erection of appropriate memorials, and the adequacy of Federal burial benefits. The Committee shall make periodic reports and recommendations to the Administrator and to Congress". This committee was funded in 1985 at $8,000 and in 1986 at $16,000.

2. The Board of Veterans Appeals uses outside contractor support in the Appellate Index and Retrieval System (AIRS). Consultant advisory services critical to the implementation of a comprehensive word processing system for the Board constitute a portion of the total costs for outside contractor support. The consultant cost were $24,000 in 1985 and estimated at $23,000 and $75,000 in 1986 and 1987 respectively.

3. In 1985, the Office of the ADA/Information Resources Management required $95,000 in consultant fees for one-time services to:

   a. Study Issues surrounding ADP and Telecommunications Management in the VA ($75,000); and

   b. Transfer funds ($20,000) from the VA to the Department of the Treasury as the VA's portion of the President's Council on Management Improvement Federal Financial Systems of the Future project.

   In 1987, the newly established ADA for Management is requesting $50,000 to be available for use on contracts to perform management analysis and studies as needed.

SUPPLY FUND
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate
Obligations	$660	$275	...

The total expense in 1985 and $225 thousand of the total in 1986 is associated with the Coopers and Lybrand study of the supply depots. The remaining $50 thousand in 1986 is for a study of Federal Supply Schedule contracting practices at the Marketing Center.

GENERAL OPERATING EXPENSES

DEPARTMENT OF VETERANS BENEFITS

PROGRAM DESCRIPTION

The Department of Veterans Benefits (DVB) is under the direction of the Chief Benefits Director who serves as the principal advisor to the Administrator on non-medical veteran benefit matters. DVB is responsible for the distribution of resources necessary to provide an integrated program of non-medical benefits and services authorized by law to veterans, their dependents and survivors. The Department administers this broad range of benefits to veterans and other eligible beneficiaries through 59 regional offices or medical/regional office centers. These offices are located nationwide with at least one office in every State plus the District of Columbia, Puerto Rico, Guam and the Philippines. Most offices provide the full range of veterans benefits.

The benefits provided include compensation for service-connected disabilities; pension for the aged, needy and unemployable veterans; vocational rehabilitation assistance; educational and training assistance; home buying assistance; estate protection services for veterans under legal disability; information and assistance through personalized contacts; and five life insurance programs. In addition, the Department is actively pursuing the collection of outstanding debts owed to the Veterans Administration.

ACTIVITY HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Jurisdictional:					
Executive Direction:					
Obligations...........	$ 20,854	$ 20,746	$ 20,046	$ 20,819	$+ 773
FTEE..................	419	401	389	407	+ 18
Veterans Services:					
Obligations...........	$ 71,178	$ 74,679	$ 66,014	$ 68,488	$+ 2,474
FTEE..................	2,423	2,521	2,233	2,295	+ 62
Compensation, Pension and Education:					
Obligations...........	$132,021	$128,000	$121,100	$122,526	$+ 1,426
FTEE..................	4,046	3,685	3,710	3,757	+ 47
Loan Guaranty:					
Obligations...........	$ 59,965	$ 58,375	$ 58,844	$ 61,874	$+ 3,030
FTEE..................	1,947	1,921	1,904	1,972	+ 68
Insurance:					
Obligations...........	$ 10,617	$ 11,263	$ 10,114	$ 10,168	$+ 54
FTEE..................	490	513	464	467	+ 3
Vocational Rehabilitation & Counseling:					
Obligations...........	$ 22,324	$ 23,283	$ 21,726	$ 22,532	$+ 806
FTEE..................	597	612	572	593	+ 21
ADP Systems Management:					
Obligations	$ ...	$ ...	$ 10,791	$ 40,329	$+29,538
FTEE	...	...	25	415	+ 390
Office Services:					
Obligations...........	$181,170	$194,090	$168,698	$176,599	$+ 7,901
FTEE..................	3,494	3,241	3,303	3,094	- 209
Total DVB:					
Obligations...........	$498,129	$510,436	$477,333	$523,335	$+46,002
FTEE..................	13,416	12,894	12,600	13,000	+ 400
Common Services (-):					
Obligations...........	$ 5,728	$ 5,473	$ 5,645	$ 5,675	$+ 30
FTEE..................	222	220	212	210	- 2
Net:					
Obligations...........	$492,401	$504,963	$471,688	$517,660	$+45,972
FTEE..................	13,194	12,674	12,388	12,790	+ 402
Reimbursements (-)...	$ 2,418	$ 1,750	$ 2,250	$ 2,200	$- 50
Appropriation Request:					
Budget Authority....	$489,984	$503,213	$469,438	$515,460	$+46,022
FTEE................	13,194	12,674	12,388	12,790	+ 402

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	P.L. 99-160 With Adj. 2/	P.L. 99-177 Adj. 3/	Current Estimate	Current Estimate vs. Budget
Average Employment	12,894	13,031	- 431	12,600	- 294
Jurisdictional Funding by Object:					
Personal Services..........	$364,789	$356,221	$-13,677	$342,544	$-22,245
Travel......................	7,727	6,620	- 800	5,820	- 1,907
Transportation of Things...	2,270	1,020	...	1,020	- 1,250
Rents, Comm. & Utilities...	85,662	80,404	...	80,404	- 5,258
Printing & Reproduction....	3,541	3,955	- 1,217	2,738	- 803
Other Services.............	31,573	37,499	- 1,199	36,300	+ 4,727
Supplies & Materials.......	6,884	5,567	- 2,200	3,367	- 3,517
Equipment..................	7,990	7,140	- 2,000	5,140	- 2,850
Total Obligations.........	$510,436	$498,426	$-21,093	$477,333	$-33,103
Jurisdictional Funding by Activity:					
Executive Direction.......	$20,746	$20,874	$- 828	$20,046	$- 700
Veterans Services.........	74,679	68,972	- 2,958	66,014	- 8,665
Compensation, Pension & Education................	128,000	126,516	- 5,416	121,100	- 6,900
Loan Guaranty.............	58,375	61,487	- 2,643	58,844	+ 469
Insurance.................	11,263	10,505	- 391	10,114	- 1,149
Vocational Rehabilitation & Counseling.............	23,283	22,702	- 976	21,726	- 1,557
ADP Systems Management....	...	11,276	- 485	10,791	+10,791
Office Services...........	194,090	176,094	- 7,396	168,698	-25,392
Total Obligations.......	$510,436	$498,426	$-21,093	$477,333	$-33,103
Common Services (-):					
Obligations.................	$ 5,473	$ 5,645	$ ...	$ 5,645	$+ 172
Average Employment.........	220	212	...	212	- 8
Net:					
Obligations.................	$504,963	$492,781	$-21,093	$471,688	$-33,275
FTEE........................	12,674	12,819	- 431	12,388	- 286
Reimbursements..............	$- 1,750	$ -2,250	$ ...	$- 2,250	$- 500
Appropriation:					
Budget Authority...........	$503,213	$490,531	$-21,093	$469,438	$-33,775
Average Employment.........	12,674	12,819	- 431	12,388	- 286

1/ President's budget request, as amended.
2/ Adjusted for Congressional action and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

	Average Employment	Budget Authority
1986 Amended President's Budget	12,894	$ 503,213,000
Elimination of 1986 Budget proposal for Consolidation	+ 624	+ 14,963,000 - 25,100,000
Reprogramming from the Department of Medicine and Surgery	...	+ 7,000,000
Appropriation cut	- 487	- 9,545,000
Public Law 99-177	- 431	- 21,093,000
Total Budget Authority and FTEE	12,600	$ 469,438,000

The 1986 Amended President's Budget of $503,213,000 in budget authority and 12,894 in jurisdictional employment has been adjusted to eliminate the impact of the proposal to consolidate regional office functions. This impact consisted of a decrease of $10,137,000, which is the net effect of $25,100,000 which was added to implement the proposal, and $14,963,000 and 624 FTEE, which were anticipated to be the savings resulting from the proposal. In addition, a reprogramming of $7,000,000 from the Department of Medicine and Surgery and an appropriation cut of $9,545,000 and 487 FTEE have been reflected to arrive at the initial (pre-Public Law 99-177) level of $490,531,000 in budget authority.

The $490,531,000 in budget authority and 13,031 in jurisdictional employment was reduced by $21,093,000 in budget authority and 431 FTEE to reflect the impact of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177). To effect Public Law 99-177, the Department sequestrated operations in the following areas: personal services, $13,677,000 and 431 FTEE; modernization, $475,000; payment to states, $474,000; reporting allowance, $250,000; travel, $800,000; printing and reproduction, $1,217,000; supplies and materials, $2,200,000; and equipment, $2,000,000.

The Department will work to maintain the existing levels of service to veterans during 1986. The sequestration pursuant to Public Law 99-177 will require a hiring freeze. To minimize the impact on employment, a reprogramming will be needed, because a reduction of 431 FTEE in 1986 cannot be met without other personnel actions beyond a hiring freeze. This reprogramming will reduce nonpayroll expenditures in order to reduce the payroll impact of the application of Public Law 99-177. A reprogramming letter will be forwarded to the appropriations committees in the immediate future.

SUMMARY OF BUDGET REQUEST

The 1987 DVB request of $515,460,000 in budget authority is an increase of $46,022,000 from 1986 and will support an average employment of 13,000 which is an increase of 400 FTEE from 1986. The major components of this request include:

Modernization - The 1987 President's Budget contains a new program, the ADP Systems Management, which focuses on a new Department function -- to modernize the ADP and telecommunications systems in order to provide better service to veterans and their families. To this end, the Department will expand on-line access for employees, make systems more easily usable by nontechnical personnel, eliminate as much reliance on paper as possible and build on the experience of others in and outside of the VA in pursuing its plans. The 1987 request provides 53 FTEE and $26,874,000 to effect the Department's modernization plan, which is part of a six year plan totalling $153,631,000. It should be emphasized that because of offsetting savings (of which 264 FTEE and $5,300,000, are in 1987) this entire investment will be recovered by 1992, on a present value basis (using a discount factor of 10 percent). Implementation is scheduled to be completed in 1991, one year prior to full recovery of the investment.

Office of Data Management and Telecommunications (ODM&T) Transfer - Included in the 1987 request is the transfer of 362 FTEE and $13,189,000 from ODM&T. This transfer will improve ADP systems development for veterans benefit programs and will also maintain existing systems.

Consolidation of Insurance Centers - Included in the 1987 request is the consolidation of the St. Paul Insurance Center into the Insurance center at Philadelphia, Pennsylvania. The decision to consolidate this activity was based on a cost-benefit analysis, which was performed by the Office of Program Planning and Evaluation at the request of the Chief Benefits Director.

Target Maintenance - The current Target maintenance contract expires in 1986. An additional $2,758,000 is requested for the new Target maintenance contract in 1987.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986		1987 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Average Employment:					
Jurisdictional	13,416	12,894	12,600	13,000	+ 400
Common Services (-)	222	220	212	210	- 2
Net	13,194	12,674	12,388	12,790	+ 402
Obligations:					
Jurisdictional:					
Personal Services	$363,678	$364,789	$342,544	$360,427	$+17,883
Travel:					
Employee Travel	2,740	4,412	2,905	3,901	+ 996
Beneficiary Travel	712	800	800	...	- 800
Interagency Motor Pool	1,974	2,300	1,900	2,350	+ 450
Local Travel	63	215	215	215	...
Subtotal	5,489	7,727	5,820	6,466	+ 646
Transportation of Things	878	2,270	1,020	1,020	...
Rents, Communications & Utilities	78,879	85,662	80,404	81,930	+ 1,526
Printing & Reproduction	2,867	3,541	2,738	4,000	+ 1,262
Other Services	31,751	31,573	36,300	51,828	+15,528
Supplies & Materials	5,777	6,884	3,367	5,600	+ 2,233
Equipment	8,810	7,990	5,140	12,064	+ 6,924
Total Jurisdictional Obligations	$498,129	$510,436	$477,333	$523,335	$+46,002
Common Services (-)					
Personal Services	$ 5,553	$ 5,339	$ 5,204	$ 5,202	$- 2
Transportation of Things	...	...	160	103	- 57
Rents, Communications & Utilities	- 4	15	5	79	+ 74
Other Services	80	16	125	133	+ 8
Supplies & Materials	99	103	151	158	+ 7
Total Common Services	$ 5,728	$ 5,473	$ 5,645	$ 5,675	$+ 30
Net:					
Personal Services	$358,125	$359,450	$337,340	$355,225	$+17,885
Travel	5,489	7,727	5,820	6,466	+ 646
Transportation of Things	878	2,270	860	917	+ 57
Rents, Communications Utilities	78,883	85,647	80,399	81,851	+ 1,452
Printing & Reproduction	2,867	3,541	2,738	4,000	+ 1,262
Other Services	31,671	31,557	34,149	51,695	+15,520
Supplies & Materials	5,678	6,781	3,216	5,442	+ 2,226
Equipment	8,810	7,990	5,140	12,064	+ 6,924
Total Net Obligations	$492,401	$504,963	$471,688	$517,660	$+45,972

NOTE: The Department of Veterans Benefits provides Management, Finance and Administrative services to the Department of Medicine and Surgery at Regional Office/Medical Centers. "Common Services" amounts reflect the cost of these services.

ANALYSIS OF INCREASES AND DECREASES - OBLIGATIONS
(dollars in thousands)

	1986 Estimate	1987 Estimate
Prior year net obligations	$ 492,401	$ 471,688
Public Law 99-177	- 21,093	
Net Payroll change/Productivity increases	- 8,114	+ 4,628
Modernization plan	+ 11,266	+ 16,083
ODM&T transfer		+ 13,189
Rents Communications and Utilities and other costs	+ 2,513	+ 5,075
Transportation costs	+ 846	+ 520
Printing	+ 1,088	+ 1,262
Bookhandling charges	+ 65	
Fee Basis Counseling	+ 60	+ 49
Reporting Allowance fees to schools	- 216	+ 166
Supplies	- 262	+ 2,226
Equipment	- 6,170	+ 3,524
Payment to States	- 696	- 750
Total Net Obligations	$ 471,688	$ 517,660

The amount requested for 1987 represents a net increase of $45,972,000 from the 1986 estimate. Requested increases are primarily for the modernization initiative, the transfer from the Office of Data Management and Telecommunications, equipment, printing, supplies, rents, communications and utilities and other costs.

PROGRAM HIGHLIGHTS

The Department implemented a new work measurement system effective October 1, 1985. The end products selected for use in this system have been reduced considerably and represent only services and benefits provided to veterans and their beneficiaries. Support activities such as Administrative and Finance have no workload indicators in the measurement system. Their contribution to the benefit programs' final output will be correlated to the workload indicators of the other programs. The workloads shown in each program reflect the actual workloads accomplished in 1985 for these revised workload indicators, and the estimated workloads we expect to receive in our regional offices in 1986 and 1987.

The insurance computer system is in the process of being redesigned to allow for "on-line" data entry. The first on-line data entry function, which has the capacity to enter address changes into the insurance master record, became operational in August 1984. In October 1985, the insurance inquiry screens were made available to all Veterans Services Divisions nationwide by means of a link with the Target system. Another function which is now operational is called "DOC type processing." This is an interim form of data entry which permits replacement of optical character recognition forms with input created at the video display terminal. During 1986 additional on-line functions will become operational, including policy loan processing. In 1987 another 50 data entry functions are expected to become operational. Extensive training will be conducted in order to assure maximum utilization of each data entry function as it becomes available. Completion of the insurance computer system redesign is anticipated during 1988.

Studies are being conducted at several locations to determine the feasibility of colocation which, if found to increase efficiency, would take place during the period from 1988 through 1991.

P.L. 98-525, the DOD Authorization Act of 1985, was signed into law on October 19, 1984. The act provides for educational assistance programs for members of the Armed Forces and Selected Reserve (including the National Guard) who enlist between July 1, 1985 and June 30, 1988. The new programs are included in Chapter 30, title 38, U.S.C., and Chapter 106, title 10, U.S.C. At the end of 1985, there were approximately 2,000 reservists in training. A significant number of serviceperson/veteran-trainees is not anticipated until later in the following fiscal year.

A proposed change in legislation for 1987 would increase the Loan Guaranty funding fee from 1 percent to 2 percent, with additional increases up to 3.8 percent by 1990.

As a result of the Department's debt collection efforts in 1985, 13,832 accounts with a value of $43.7 million (including interest, administrative costs and Marshall fees) were referred to the Department of Justice. Similarly, 86,046 accounts with a value of $46.9 million were referred to the District Counsels. Dispositions totaled $78.0 million during this period.

Activities during 1985 focused on implementing the changes to the vocational rehabilitation program resulting from legislative action as those changes became effective, making related changes in program management, and providing counseling services which veterans, dependents and servicepersons may request under Chapters 30, 32, 34, and 35, of title 38 and Chapter 106 of title 10, U.S.C.

EXECUTIVE DIRECTION

PROGRAM DESCRIPTION

This program is comprised of the Office of the Chief Benefits Director, the Deputy Chief Benefits Director for Program Management and the Deputy Chief Benefits Director for Field Operations, Station Directors, and their immediate staffs. Also included in are the Budget Staff, responsible for reviewing necessary funding for all programs and conducting financial surveys of field finance operations, providing financial assistance to field activities and administering the Department's debt collection activities.

There are 59 field stations (regional offices and centers) under the jurisdiction of the Department of Veterans Benefits. These field stations are administered by the Deputy Chief Benefits Director for Field Operations, which includes the Field Liaison, Resource Allocation and Space Management Staff. Station Directors provide local management and administrative direction of field station operations. The Deputy Chief Benefits Director for Program Management is responsible for planning and analysis of policies and support of field activities. This element includes the Planning and Analysis Staff and Field Review Staff.

SUMMARY OF BUDGET REQUEST

Funds of $19,208,000 and 407 FTEE are requested to support the Executive Direction program in 1987, which is an increase of 18 FTEE. The increase of $780,000 from 1986 consists of $489,000 in personal services and $264,000 in travel, offset by a reduction in the Common Services rendered to the Department of Medicine and Surgery with a corresponding reduction in the amount of funds transferred for this program.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment	419	401	389	407	+ 18
Obligations:					
Personal Services	$20,397	$19.880	$19,539	$20,028	$+ 489
Travel	454	860	504	788	+ 284
Other Services	3	6	3	3	...
Total Obligations	$20,854	$20,746	$20,046	$20,819	$+ 773
Common Service Adjustment (-)..................	1,812	1,582	1,618	1,611	- 7
Net Obligations	$19,042	$19,164	$18,428	$19,208	$+ 780

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services	$20,397	$19,539	$20,028	$+ 489

The current 1986 estimate has been adjusted to delete the impact of the consolidation proposal in the 1986 President's Budget. This is partially offset by the sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), and by the impact of the permanent change in the computation of salaries, based on 2,087 hours rather than 2,080 hours.

The 1987 estimate will support the employment indicated. The increase in funding reflects the effect of an increase in employment from 1986, plus an increase in the Medicare rate to 1.5 percent; normal within-grade (longevity) increases, and merit pay increases.

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Employee Travel	$ 454	$ 504	$ 788	$+ 284

The 1987 estimate includes resources needed to meet this program's travel requirements. Travel costs are incurred in (a) supervising, evaluating, surveying, and coordinating field station operations; (b) the travel of station directors and staff members to Central Office and other locations for the purpose of attending conferences and meetings pertaining to the business of veterans affairs including debt collection; and (c) travel expenses incurred by the transfer of employees between stations.

Other Services

Representation Allowance	$ 1	$ 1	$ 1	$ ...
Official Residence Allowance	2	2	2	...
Total	$ 3	$ 3	$ 3	$ ...

Funds are required to pay residence and representation allowances for the Director of the Manila Regional Office as provided by Public Laws 86-116 and 86-707.

PROGRAM HIGHLIGHTS

The Department's Management Advisory Committee (MAC) has served as principal advisor to the Chief Benefits Director on field operations issues. During the past 1-1½ years, its focus has been toward assisting the Department in setting the several phases of the modernization study performed by McManis and Associates. The Committee has offered the most comprehensive view of actual field performance, identification of data processing needs and development of proposed work systems to streamline processing and other services. The Management Advisory Committee offers the most effective means of developing actual field input on operational issues. Committee representatives are called on to gather input and guidance from among regional office director peers on budget issues, adjudication processing, loan guaranty management, workload control, reporting systems, etc. Sub-committees of the MAC have been instrumental in development or reorganization proposals for the Chief Benefits Director which are, in great part, currently being set in motion. Each of these proposals is intended to increase the functional efficiency of DVB streamline and integrate program operations.

Public Law 96-466, the Veterans Rehabilitation and Education Amendment of 1980, required the Veterans Administration to refer delinquent debtors to credit reporting agencies. This requirement was implemented in October, 1985 with an initial mailing of 273,000 letters notifying debtors of the Agency's intent to report the debts to credit reporting agencies. In December, 1985, 124,000 of these were actually reported.

Public Law 98-369, the Spending Reduction Act of 1984, requires the Veterans Administration to report delinquent accounts that meet specific criteria to the IRS for income tax refund offset. In November 1985 the Agency initiated a two-year pilot program with a mailing of 43,798 letters representing $41,851,227 in debts to delinquent debtors. This was to notify them of our intent to report these debts to the IRS for refund offset. The first referral to the IRS was in January 1986, reporting 34,884 accounts totalling $33,437,492.

As part of the efforts to improve the quality and effectiveness of the Regional Office Finance Activities, the Fiscal Liaison Staff performed 5 finance surveys. In addition, 4 fiscal assistance visits were made. There are 8 finance surveys scheduled for 1986.

The Agency is in the process of redesigning its Personnel and Accounting Integrated Data Pay System (PAID). Beginning in June, 1986, we will begin to prototype three time and attendance options at 5 locations. This is a major project with the Fiscal Liaison Staff participating actively on behalf of the Department.

VETERANS SERVICES

PROGRAM DESCRIPTION

The Veterans Services Program operates through a wide network of veterans services field locations whose personnel provide veterans, their dependents, and survivors information, advice and assistance concerning the availability and procurement of benefits under laws administered by the VA and other agencies. This includes overseeing payment of VA benefits to those payees who are under legal disabilities, and includes extensive outreach activities to ensure that information and assistance are provided for the educationally disadvantaged, the disabled, the elderly, former prisoners of war, female veterans, and other specifically targeted groups. The activity is conducted at 58 Veterans Administration Regional Offices, 18 Veterans Assistance Offices, 172 hospitals, 6 outpatient clinics, and 57 itinerant points.

Services include arrangements with the Armed Forces to insure that personnel approaching separation are informed about veterans benefits and how they may be obtained. To assist veterans, dependents and survivors residing at a distance from regional offices in obtaining information and advice, toll-free telephone service is provided.

The program also provides the away-from-office service needed to obtain information, maintain liaison with educational institutions, serve veterans at educational institutions and assure compliance with laws (including Title VI of the Civil Rights Act) and regulations in the Education program.

SUMMARY OF BUDGET REQUEST

Funds of $68,488,000 and 2,295 FTEE are requested to support the Veterans Services program in 1987, which is an increase of 62 FTEE and $2,474,000. The increases consist of $2,387,000 in personal services and $87,000 in travel.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment.....	2,423	2,521	2,233	2,295	+ 62
Obligations					
Personal Services...	$70,257	$73,747	$ 65,093	$67,480	$+2,387
Travel..............	921	932	921	1,008	+ 87
Total Obligations	$71,178	$74,679	$ 66,014	$68,488	$+2,474

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services:	$70,257	$65,093	$ 67,480	$+2,387

The current 1986 estimate has been adjusted to delete the impact of the consolidation proposal in the 1986 President's Budget. This is partially offset by the sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), and by the impact of the permanent change in the computation of salaries, based on 2,087 hours rather than 2,080 hours.

The 1987 estimate will support the employment indicated. The increase in funding reflects the effect of an increase in employment from 1986, plus an increase in the Medicare rate to 1.5 percent; normal within-grade (longevity) increases, and merit pay increases.

Employee Travel..........	$ 921	$ 921	$ 1,008	$+ 87

The 1987 estimate includes resources needed to meet this program's travel requirements. Travel costs are incurred by employees in the performance of official duties such as compliance surveys, field examinations, and outreach, as well as attendance at meetings, workshops, seminars, etc. Travel expenses are also paid on behalf of employees and their dependents who are transferred between stations.

WORKLOAD

	1985 Actual	1986 Estimate	1987 Estimate
Veterans Assistance Contacts...	12,984,215	12,750,000	12,500,000
Field Examinations.............	104,492	107,000	107,000
Compliance Surveys/Liaison Actions	80,006	79,000	74,500

A management consultant study on work measurement was conducted during 1985. As a result of this study, the Department has reviewed all work counts and revised the budget workload indicators as shown in the above table. A new work measurement system was implemented on October 1, 1985, which incorporated these budget indicators. The 1986 and 1987 workloads represent the level of activity expected in our regional offices.

PROGRAM HIGHLIGHTS

Veterans, dependents and survivors visits and telephone calls totaled over 11 million (2.1 million interviews; 8.9 million telephone calls) in 1985.

Veterans Services Divisions continued efforts to inform recently separated veterans, particularly the educationally disadvantaged (those having less than a high school education), about available veterans benefits. Approximately 10,000 such veterans were interviewed, 6 percent of whom were educationally disadvantaged. Employment was found for more than 3,500 veterans of the 33,000 who requested assistance.

Toll-free telephone service to VA regional office locations is available throughout the continental United States, Alaska, and Hawaii. During 1985, approximately 8.9 million calls were received over these lines.

During the year more than 104,000 field examinations were conducted. Approximately 26,500 were for the purpose of appointing guardians or other fiduciaries to receive payments on behalf of minors or incompetent adults; 61,400 were for the purpose of reviewing previously established fiduciary arrangements; 1,126 Special Field Examinations which involved the possibility of fraud, tort, equal opportunity violations, or similar activities; and 15,400 were conducted to obtain information in connection with other Department operations. At the end of the year there were 125,053 beneficiaries for whom payments were being supervised. Adults account for 92 percent of the beneficiaries and minors account for 8 percent. Improved field examination scheduling techniques have resulted in fewer miles traveled per field examination and, therefore, lower cost. In 1984 the average mileage per field exam was 47; this was improved to 45 in 1985 for a total savings of approximately 223,000 miles.

Interviews with hospital patients are expected to remain at approximately 475,000.

Outreach efforts will continue to focus special attention and priority service to service-connected disabled veterans, former Prisoners of War (POW), women veterans, Vietnam era veterans, and disadvantaged and aging beneficiaries. The increased emphasis on former POW outreach and the aging veteran population will result in specialized outreach efforts to these beneficiaries. The national toll-free POW Hotline established in 1984 received approximately 8,000 calls in 1985.

Veterans Services personnel will continue to engage in job development activities coordinated with their counterparts at the State Employment Security Agencies as well as the Department of Labor. In addition to job development, they will be involved in the approval of Job Training Programs and general job support for veterans.

Cross training of personnel will be continued in order to provide maximum flexibility of employees, both at-office and away-from-office, thereby minimizing travel and resulting costs.

COMPENSATION, PENSION AND EDUCATION

PROGRAM DESCRIPTION

This program is comprised of two primary functions: the adjudication of claims for compensation or pension and the administration of the veteran's education program.

The Compensation and Pension program provides financial assistance to veterans, their dependents and survivors. The component activities are: compensation, which provides financial aid to veterans who, because of service-connected disabilities, have suffered a loss or impairment of earning capacity; and pension, which provides a measure of financial assistance to needy wartime veterans who, because of disabilities not necessarily related to military service, are precluded from gainful employment.

Additionally, there are specific benefit programs of dependency and indemnity compensation and death pension for survivors and dependents under each of these major categories. This program is also responsible for the adjudication of claims for the restoration of benefits formerly paid by the Social Security Administration to the surviving spouses and children of certain deceased veterans. Such payments are made under the "Reinstated Entitlement Program for Survivors (REPS)."

The Education program provides financial assistance to veterans, servicepersons, their dependents, and their survivors to aid them in obtaining education or training. Activities include educational assistance, which provides financial benefits to veterans and other eligible persons, tutorial assistance payments, and veteran-student services (workstudy).

Activities of the Compensation, Pension and Education program are conducted through a network of regional offices located in all states as well as the District of Columbia, Puerto Rico and the Philippines.

SUMMARY OF BUDGET REQUEST

Funds of $122,526,000 and 3,757 FTEE are requested to support the Compensation, Pension and Education program in 1987, which is an increase of 47 FTEE and $1,426,000. The increases consist of $83,000 in travel and $1,927,000 in personal services, offset by a decline of $584,000 in other services.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment..........	4,046	3,685	3,710	3,757	+ 47
Obligations:					
Personal Services...........	$117,272	$113,471	$107,996	$109,923	$+1,927
Travel......................	380	944	380	463	+ 83
Other Services..............	14,369	13,585	12,724	12,140	- 584
Total Obligations...........	$132,021	$128,000	$121,100	$122,526	$+1,426

DETAIL OF BUDGET ESTIMATE
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services	$117,272	$107,996	$109,923	$+ 1,927

The current 1986 estimate has been adjusted to delete the impact of the consolidation proposal in the 1986 President's Budget. This is partially offset by the sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), and by the impact of the permanent change in the computation of salaries, based on 2,087 hours rather than 2,080 hours.

The 1987 estimate will support the employment indicated. The increase in funding reflects the effect of an increase in employment from 1986, plus an increase in the Medicare rate to 1.5 percent; normal within-grade (longevity) increases, and merit pay increases.

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Employee Travel	$ 380	$ 380	$ 463	$+ 83

The 1987 estimate includes resources needed to meet this program's travel requirements. Travel costs are incurred by employees in the performance of official duties such as compliance surveys, field examinations, and outreach, as well as attendance at meetings, workshops, seminars, etc. Travel expenses are also paid on behalf of employees and their dependents who are transferred between stations.

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Other Services				
Miscellaneous Contractual Services	$ 9	$ ...	$ ...	$ ...
Reporting Allowance	2,640	2,174	2,340	+ 166
Payments to States	11,720	10,550	9,800	- 750
Total	$ 14,369	$ 12,724	$ 12,140	$- 584

The reporting allowance fee is paid annually to schools to cover the costs of administrative activities and report preparation for veterans and/or dependent trainees. The amount paid is based on the number of trainees on the rolls as of October 31 and is identified as "Reporting Allowance." The estimated cost for 1986 and 1987 is based on the expected number of trainees in these years. Payment is at a rate of $11 each for trainees who have elected to receive advance pay and $7 each for all other trainees.

Payments to States includes payments to State Approving Agencies for reimbursement of the costs incurred for inspecting, approving and supervising programs of education and training offered by educational institutions and training establishments in which veterans or dependents are enrolled or are about to enter. These reimbursement payments are based on an approved contract with individual State Approving Agencies and involve all levels of education and training. The decline in 1987 reflects an anticipated decrease in approvals and supervisory visits.

WORKLOAD

	1985 Actual	1986 Estimate	1987 Estimate
C&P Original Claims	742,006	741,800	743,800
C&P-Adjustment/Supplemental Claims	2,896,305	2,728,500	2,660,500
C&P-Ancilliary Actions and Claims	634,575	406,500	395,500
EDU-Original Claims	109,847	141,900	100,280
EDU-Adjustments/Supplemental Claims	1,413,685	1,364,097	1,228,831
Vocational Rehabilitation	117,484	90,000	87,500

A management consultant study on work measurement was conducted during 1985. As a result of this study, the Department has reviewed all work counts and revised the budget workload indicators as shown in the above table. A new work measurement system was implemented on October 1, 1985 which incorporated these budget indicators. The 1986 and 1987 workloads represent the level of activity expected in our regional offices.

PROGRAM HIGHLIGHTS

Approximately 4.3 million compensation and pension claims were adjudicated in 1985. These claims include disability and death benefit claims based on all periods of service, peacetime and wartime.

Public Law 99-238 "The Veterans' Compensate Rate Increase and Job Training Amendments of 1985" increased rates 3.1% (effective 12-1-85) for veterans and survivors in receipt of compensation or DIC. Public Law 99-238 also extended veterans job training which provides payments to employers who hire and train eligible veterans.

During 1985 approximately 450,700 veterans and servicepersons (including those eligible under the Post-Vietnam Era contributory program) and about 62,000 dependents received educational assistance. There were approximately 439,000 active participants in the Post-Vietnam Era VEAP program at the end of 1985. In addition, a total of 119,000 certificates of eligibility were issued and 139,000 applications received under the "Emergency Veterans' Job Training Act of 1983" were processed by the Veterans Administration.

P.L. 98-525, The DOD Authorization Act of 1985, was signed into law on October 19, 1984. The Act provides for educational assistance programs for members of the Armed Forces and Selected Reserve (including the National Guard) who enlist between July 1, 1985 and June 30, 1988. The new programs are included in Chapter 30, title 38, U.S.C., and Chapter 106, title 10, U.S.C. At the end of 1985, there were approximately 2,000 reservists in training. A significant number of serviceperson/veteran-trainees is not anticipated until later in the following fiscal year.

A net decline in education trainees will continue through 1987. Chapter 34 (Vietnam Era) trainees are expected to fall to 321,100 in 1986 and 252,200 in 1987. Chapter 32 (Post Vietnam Era) trainees will increase from 61,400 in 1986 to 67,300 in 1987. Dependents training will decrease from 51,800 in 1986 to 42,400 in 1987.

LOAN GUARANTY

PROGRAM DESCRIPTION

The Loan Guaranty program provides housing credit assistance to eligible veterans and service personnel through guarantees of loans made by private lenders and through direct loans to severely disabled veterans.

The program provides credit assistance whereby housing credit needs of veterans and service personnel may be satisfied by private capital on more liberal terms than generally available to non-veterans, without the assumption of unreasonable risks by the Government.

Assistance is provided chiefly through substituting the Government's guaranty on loans in lieu of the substantial downpayments applicable to conventional mortgage transactions. The program also assists totally disabled veterans in receiving specially adapted housing grants.

The Direct Loan program is currently funded to provide credit assistance to severely disabled veterans living in both urban and rural areas. The primary objective of the program is to place such veterans on a parity with other veterans.

SUMMARY OF BUDGET REQUEST

Funds of $61,874,000 and 1,972 FTEE are requested to support the Loan Guaranty program in 1987, which is an increase of 68 FTEE and $3,030,000. The increases consist of $2,640,000 in personal services, $90,000 in travel and $300,000 in other services. In addition, a proposed change in legislation for 1987 would increase the funding fee from 1 percent to 2 percent, with additional increases up to 3.8 percent by 1990.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment.....	1,947	1,921	1,904	1,972	+ 68
Obligations:					
Personal Services...	$53,226	$52,904	$51,394	$54,034	$+2,640
Travel..............	450	451	450	540	+ 90
Other Services......	6,289	5,020	7,000	7,300	+ 300
Total Obligations	$59,965	$58,375	$ 58,844	$61,874	$+3,030

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services	$53,226	$51,394	$54,034	$+2,640

The current 1986 estimate has been adjusted to delete the impact of the consolidation proposal in the 1986 President's Budget. This is partially offset by the sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), and by the impact of the permanent change in the computation of salaries, based on 2,087 hours rather than 2,080 hours.

The 1987 estimate will support the employment indicated. The increase in funding reflects the effect of an increase in employment from 1986, plus an increase in the Medicare rate to 1.5 percent; normal within-grade (longevity) increases, and merit pay increases.

Employee Travel	$ 450	$ 450	$ 540	$+ 90

The 1987 estimate includes resources needed to meet this program's travel requirements. Travel costs are incurred by employees in the performance of official duties directly related to the origination and servicing of loans and to the management and sale of VA owned properties. To ensure that fee personnel are performing their duties in a manner that is in the best interest of the Government, a sample of all appraisals and compliance inspections is subjected to a field review by a staff technician. Other personnel perform extensive travel to service portfolio loan accounts and provide supplemental servicing of guaranteed loans where such supplemental servicing appears to be in the Government's best interest. Another major category of employee travel is incidental to the management and sale of VA owned properties, particularly inspections made prior to undertaking any major repairs. In addition, employee travel is undertaken as necessary to maintain close personal contact with fee personnel and program participants such as lenders, builders, developers, mobile home manufacturers and mobile home dealers. Travel expenses are also paid on behalf of employees and their dependents who are transferred between stations.

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Other Services				
Miscellaneous Contractual Services.....	$6,289	$7,000	$7,300	$+ 300

The 1987 estimate for miscellaneous contractual services includes the costs for appraisals, compliance inspections, credit reports incident to the guaranteeing, insuring and making of loans paid by the buyers, sellers, or other interested parties associated with such transactions. The VA also orders credit reports on a sample basis to ensure that complete and accurate reports are being submitted with applications for guaranty. Further, VA obtains appraisals in all cases where holders of GI loans give notice of intention to foreclose. In addition, there are some cases each year involving controversies over construction problems, and in such cases it is often necessary for VA to engage the services of engineering firms to make land planning, drainage and sanitation surveys which are necessary to resolve such problems.

WORKLOAD

	1985 Actual	1986 Estimate	1987 Estimate
Certificate of Reasonable Value Issued	521,024	546,000	600,000
GI Loans Closed/Rejected	194,693	197,000	216,000
Liquidation/Claims Vouchered	36,262	32,044	30,341
Properties Acquired/Disposed.....	54,127	52,560	48,600

A management consultant study on work measurement was conducted during 1985. As a result of this study, the Department has reviewed all work counts and revised the budget workload indicators as shown in the above table. A new work measurement system was implemented on October 1, 1985 which incorporated these budget indicators. The 1986 and 1987 workloads represent the level of activity expected in our regional offices.

PROGRAM HIGHLIGHTS

A total of 178,931 loans were guaranteed in 1985. This is a 28.9 percent decrease from last year's activity.

Defaults reported on guaranteed loans issued since the inception of the program totaled 170,385 in 1985, which is 7.6 percent higher than the 158,387 defaults reported in 1984. The number of claims processed totaled 30,277, an 8 percent increase over 1984.

The inventory of acquired properties stood at 18,692 on September 30, 1985. This represents a decrease of 14.6 percent from the total on hand a year ago. There were 28,500 properties sold during 1985, an increase of 28.2 percent over 1984.

The Department is continuing plans to modernize Loan Guaranty field operations by implementation of an integrated Rapid Access System to enhance quality of operations and to improve processing capability. In 1985, terminal equipment was initially installed in field stations to begin to provide inquiry capability of Loan Guaranty records. In 1986 additional terminals will be procured. In 1987 transaction input processing will be implemented and terminal equipment installation will be completed to provide access to required data bases.

INSURANCE

PROGRAM DESCRIPTION

The Insurance program provides life insurance protection for servicepersons and veterans. The Veterans Administration administers five life insurance programs under which approximately 3.9 million policies are currently in force. In addition to administering Government Insurance programs, the VA supervises the Servicemen's Group Life Insurance (SGLI), Veterans' Group Life Insurance (VGLI), and Veteran's Mortgage Life Insurance (VMLI) programs. The administration of these three programs is conducted by commercial insurance companies through contractual agreements with the Veterans Administration.

The program mission is to administer and supervise the existing insurance activities and to seek modifications which appear warranted for the benefit and protection of servicepersons, veterans and their beneficiaries.

SUMMARY OF BUDGET REQUEST

Funds of $10,168,000 and 467 FTEE are requested to support the Insurance Program in 1987, which is an increase of 3 FTEE and $54,000. Included in the 1987 request is the consolidation of the St. Paul Insurance Center into the Insurance center at Philadelphia, Pennsylvania. The decision to consolidate this activity was based on a cost-benefit analysis, which was performed by the Office of Program Planning and Evaluation at the request of the Chief Benefits Director.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment	490	513	464	467	+ 3
Obligations:					
Personal Services	$10,604	$11,245	$10,101	$10,154	$+53
Travel	13	18	13	14	+ 1
Total Obligations	$10,617	$11,263	$10,114	$10,168	$+54

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services	$10,604	$10,101	$10,154	$+ 53

The current 1986 estimate has been adjusted to delete the impact of the consolidation proposal in the 1986 President's Budget. This is partially offset by the sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), and by the impact of the permanent change in the computation of salaries, based on 2,087 hours rather than 2,080 hours.

The 1987 estimate will support the employment indicated. The increase in funding reflects the effect of an increase in employment from 1986, plus an increase in the Medicare rate to 1.5 percent; normal within-grade (longevity) increases, and merit pay increases.

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Employee Travel	$ 13	$ 13	$ 14	$+ 1

The 1987 estimate includes resources needed to meet this program's travel requirements. Travel costs are incurred by employees in the performance of official duties such as supervising, evaluating, surveying and coordinating operations, and the attendance of officials at conferences and seminars. Travel expenses are also paid on behalf of employees and their dependents who are transferred between stations.

WORKLOAD

	1985 Actual	1986 Estimate	1987 Estimate
Policy Service Actions	1,796,867	1,957,000	1,933,000
Conversions	18,069	16,400	16,700
Disability Claims Actions	37,245	34,800	33,700
Death Claims	91,002	93,700	97,600
Insurance Awards Activity 1/.........	178,572	189,522	191,110
Collection Activity 1/................	11,054,334	10,634,985	10,174,281

1/ The 1985 and 1986 workloads includes the St. Paul Insurance Center, which kept this activity in the finance section.

A management consultant study on work measurement was conducted during 1985. As a result of this study, the Department has reviewed all work counts and revised the budget workload indicators as shown in the above table. A new work measurement system was implemented on October 1, 1985 which incorporated these budget indicators. The 1986 and 1987 workloads represent the level of activity in our regional offices.

PROGRAM HIGHLIGHTS

The insurance computer system is in the process of being redesigned to allow for "on-line" data entry. The first on-line data entry function, which has the capacity to enter address changes into the insurance master record, became operational in August 1984. In October 1985, the insurance inquiry screens were made available to all Veterans Services Divisions nationwide by means of a link with the Target system. Another function which is now operational is called "DOC type processing." This is an interim form of data entry which permits replacement of optical character recognition forms with input created at the video display terminal. During 1986 additional on-line functions will become operational, including policy loan processing. In 1987 another 50 data entry functions are expected to become operational. Extensive training will be conducted in order to assure maximum utilization of each data entry function as it becomes available. Completion of the insurance computer system redesign is anticipated during 1988.

A new remittance processing system is to be installed during 1986. This new system will provide faster processing of remittances which will result in reductions in hardware needs, maintenance charges, space requirements and staffing needs.

In 1986 and 1987 a mailing is planned to encourage policyholders to authorize withdrawal of their premium payments directly from their checking or savings account through the Automated Clearing House/Pre-Authorized Debit Payment System. The policyholders who elect this option would save check and postage costs, and more importantly, protect against their inadvertent failure to make a premium payment on time. The VA would benefit by reducing the number of remittances to be processed through the Collections Activity and by eliminating the costs associated with the printing and mailing of premium notices.

In October 1985, we began a mailing to policyholders who pay premiums on a monthly basis, notifying them of the advantages of paying premiums on an "other than monthly" mode. The notification consists of an information stuffer inserted into the insured's monthly billing packet. The mailing will continue through September 1986, thereby assuring that all eligible policyholders have been notified. The policyholders who elect to change their premium option will save check and postage costs, and receive a discount on premiums paid in advance. The VA will experience savings in postage, paper, storage, printing and processing of remittances in the Collections Activity.

In 1986 we plan to notify those insured whose accounts are on direct pay and who are also receiving VA compensation payments about the option of paying their premiums by deduction from benefits. Veterans who switch to payment by deduction from benefits will save check and postage costs as well as eliminate the possibility of lapse of their insurance. The VA will realize savings on postage, paper, printing, and storage costs as well as reduced remittance processing costs.

The Office of Data Management and Telecommunications is in the process of purchasing a Xerox 9700 Electronic Printing System which is to be installed in the Philadelphia Regional Data Processing Center. This sophisticated laser printer will allow system generation of a wide variety of forms and form letters, which are currently prepared manually. The 9700 produces letter quality output at a rate of two items per second, and can be easily reprogrammed when changes in forms or form letters are necessary. Cost savings will be realized by eliminating the need to stock many of the forms and form letters currently used by the Philadelphia Insurance Center. Additional savings will be realized from a decreased need for clerical support in correspondence preparation.

Beginning in 1986 the practice of including return envelopes to the insureds with their premium bills will be discontinued for those on the monthly payment mode. A sheet of preprinted gummed labels will be substituted. This will produce significant savings in the cost of envelopes, postage and storage.

At the VAROIC, Philadelphia, additional administrative support and finance functions (Insurance Analyzer, History Retrieval, Voucher Audit, Insurance Awards, and Collections) were placed under the control of the Insurance Operations Division during 1985. These functions were formerly under the Administrative and Finance Divisions.

Effective January 1, 1986, the maximum face amount of SGLI/VGLI coverage was raised to $50,000. Also, coverage under VGLI was extended to members of the Individual Ready Reserve (IRR) and the Inactive National Guard (ING).

VOCATIONAL REHABILITATION AND COUNSELING SERVICE

PROGRAM DESCRIPTION

The primary mission of the Vocational Rehabilitation and Counseling Service (VR&C) is to provide all services and assistance necessary to enable veterans with service-connected disabilities to achieve maximum independence in daily living and, to the maximum extent feasible, to become employable and obtain and maintain suitable employment. Activities of VR&C are conducted at 107 locations including 58 regional offices, 37 decentralized VA offices, and 12 contract guidance centers.

The Service is also charged with providing comprehensive professional counseling services to veterans, servicepersons and other eligible persons, upon their request, who are applying for VA educational assistance under Chapters 30, 32, 34 and 35 of title 38, U.S.C., Public Law 98-77, the "Emergency Veterans' Job Training Act of 1983" or Public Law 98-543, "Veteran's Benefits Improvement Act of 1984." In addition, Career Development Centers provide personalized career and job assistance services to Vietnam veterans and other beneficiaries at a number of regional office locations. These counseling and rehabilitation services are provided by counseling psychologists, vocational rehabilitation specialists and technical staff.

SUMMARY OF BUDGET REQUEST

Funds of $22,532,000 and 593 FTEE are requested to support the Vocational Rehabilitation and Counseling Service in 1987, which is an increase of 21 FTEE and $806,000. The increases consist of $1,013,000 in personal services, and $575,000 in other services, which are offset by a decrease of $782,000 in travel. Additional employment is requested due to increased workloads in Rehabilitation Evaluation and Planning and Vocational/Educational Counseling as a result of new programs such as Chapter 15, Chapter 30 and Chapter 106 of title 10, U.S.C.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985	1986		1987	Increase (+)
	Actual	Budget Estimate	Current Estimate	Estimate	Decrease (-)
Average Employment	597	612	572	593	+ 21
Obligations:					
Personal Services	$20,800	$21,342	$19,989	$21,002	$+1,013
Travel	1,117	1,200	1,205	423	- 782
Other Services	407	741	532	1,107	+ 575
Total Obligations	$22,324	$23,283	$21,726	$22,532	$+ 806

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services	$20,800	$19,989	$21,002	$+1,013

The current 1986 estimate has been adjusted to delete the impact of the consolidation proposal in the 1986 President's Budget. This is partially offset by the sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), and by the impact of the permanent change in the computation of salaries, based on 2,087 hours rather than 2,080 hours.

The 1987 estimate will support the employment indicated. The increase in funding reflects the effect of an increase in employment from 1986, plus an increase in the Medicare rate to 1.5 percent; normal within-grade (longevity) increases, and merit pay increases.

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

Travel

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Employee Travel	$ 405	$405	$423	$+ 18
Beneficiary Travel	712	800	...	-800
Total	$1,117	$1,205	$423	$-782

The 1987 estimate includes resources needed to meet this program's travel requirements. Travel costs are incurred by employees in the performance of official duties such as counseling homebound veterans, the placement and supervision of disabled veterans as well as attendance at meetings, workshops, seminars, etc.

The round trip costs of transportation for counseling services required under Chapter 31 is paid by the VA to prospective trainees on a reimbursable basis and is charged to beneficiary travel. The Readjustment Benefits account specifically provides funds for Chapter 31; therefore, the beneficiary travel is now shown in the Readjustment Benefits budget submission commencing in 1987.

Other Services

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Miscellaneous Contractual Services	$ 10	$ 10	$536	$+526
Fee Basis Counseling	160	302	269	- 33
Book Handling Charges	237	220	302	+ 82
Total	$407	$532	$1,107	$+575

An increase of $526,000 in miscellaneous contractual services is requested in 1987. These funds will provide for research and demonstration projects for the purpose of advancing knowledge, methods and techniques in vocational rehabilitation. In addition, these funds will provide for additional training for VR&C personnel engaged in providing rehabilitation services under Chapter 31 (38 U.S.C. 1518).

Fee basis counseling costs are based on the number of cases completed at guidance centers. The average cost for completed cases is projected to increase from $140 in 1986 to $145 per case in 1987. The net impact in 1987 is a reduction of $33,000, which is due to lower counseling usage.

Costs incurred in furnishing books and supplies to disabled veterans are recorded as book handling charges.

WORKLOAD

	1985 Actual	1986 Estimate	1987 Estimate
Rehabilitation Evaluation and Planning	4,455	4,511	4,578
Rehabilitation to Employment	21,986	23,473	22,693
Vocational/Educational Counseling	18,472	19,262	20,365

A management consultant study on work measurement was conducted during 1985. As a result of this study, the Department has reviewed all work counts and revised the budget workload indicators as shown in the above table. A new work measurement system was implemented on October 1, 1985, which incorporated these budget indicators. The 1986 and 1987 workloads represent the level of activity expected in our regional offices.

PROGRAM HIGHLIGHTS

Activities during 1985 focused on implementing the changes to the vocational rehabilitation program resulting from legislative action as those changes became effective, making related changes in program management, and providing counseling services which veterans, dependents and servicepersons may request under Chapters 30, 32, 34, and 35, of title 38 and Chapter 106 of title 10, U.S.C.

The VA vocational rehabilitation program provides assistance to disabled veterans in achieving maximum independence in daily living, planning educational and training programs to become employable, and seeking, obtaining, and maintaining suitable employment. Emphasis is placed upon assuring that severely disabled veterans are provided the comprehensive services generally required to bring about bona fide rehabilitation. Comprehensive programs of independent living services and assistance are provided for those veterans for whom a vocational goal is determined to be infeasible. Independent living services are also furnished, as part of vocational rehabilitation programs, to veterans for whom vocational rehabilitation is feasible.

Every service-disabled veteran requesting vocational rehabilitation services who incurred a compensable service-connected disability after September 30, 1940, is provided an initial evaluation by the VR&C staff. A total of 37,421 disabled veterans were provided such services during 1985, including 1,226 disabled veterans placed in extended evaluation to determine feasibility for a vocational rehabilitation training program. This is an increase of 3 percent from 1984. During 1985, 26,901 veterans were active participants in rehabilitation training or other rehabilitation services designed to restore employability. Approximately 71 percent of the disabled veteran trainees received college training, 25 percent were in schools below college level, 3 percent in on-the-job training, and 1 percent in farm or independent instruction programs.

The pilot program of independent living services became operational during 1982. Severely disabled veterans for whom a vocational goal was determined to be infeasible, but who needed assistance to achieve maximum independence in daily living, received services under the pilot program of independent living services and assistance. Thirty-nine severely service-disabled veterans were approved for the pilot program during this fourth year of implementation. The total number of approved candidates during the four years of the program's operation is 238. The most common services provided were those necessary to meet needs in the areas of transportation, attendant care, housing, basic living skills, adaptive equipment, health maintenance, and family and peer counseling. A follow-up report which included a study of the cost effectiveness and accomplishments of the pilot program was submitted to Congress in October 1985.

Employment services are now an integral part of the vocational rehabilitation program. A major responsibility of the VA is the development of a comprehensive plan known as an IEAP (Individualized Employment Assistance Plan) which identifies specific services and assistance which the veteran may receive during an employment assistance period of up to 18 months. Approximately 4,655 such IEAP's were prepared during 1985.

An agreement establishing principles of cooperation between the Veterans Administration and the State-Federal agencies involved in the rehabilitation of disabled veterans and disabled dependents was completed in 1984. This agreement revises and updates a prior agreement which had been in effect since 1975. The parties to the agreement include the Department of Veterans Benefits and the Department of Medicine and Surgery for the Veterans Administration and the Rehabilitation Services Administration and the National Institute for Handicapped Research in the Department of Education, and the Council of State Administrators of Vocational Rehabilitation for the programs coordinated under the Rehabilitation Act of 1973. Local agreements between State Departments of Vocational Rehabilitation and VA are in development and will be completed in 1986.

As part of the efforts to improve coordination and delivery of employment services, the VA and Department of Labor revised a comprehensive interagency agreement which incorporates organizational, legislative, and programmatic changes and encompasses all appropriate VA and Department of Labor components. The policies, goals, and procedures identified in the national agreement will be carried out by the national offices and field components of both agencies. The VA/DOL national agreement requires statewide agreements designed to be working documents for local staff. During 1985 several statewide agreements were reviewed for adequacy and those not meeting established criteria are returned for redevelopment. This initiative will continue in 1986.

Counseling benefits were requested and provided to 6,035 non-disabled veterans and servicepersons and to 1,793 eligible dependents. In addition, 575 Post-Vietnam era veterans requested and were provided counseling benefits under provisions of Sections 1641 and 1663 of Title 38, U.S.C.

Public Law 98-77, the "Emergency Veterans' Job Training Act of 1983", signed into law August 15, 1983, provides a job training program for long-term unemployed Vietnam and Korean veterans. Under the bill employment counseling may be requested. In addition, service-disabled veterans may be furnished a longer period of assistance. Service-disabled veterans rated 10 and 20 percent must be determined to have a serious employment handicap by a counseling psychologist in VR&C. In 1985, 6,861 veterans were provided employment counseling under the EVJTA of 1983. In addition, 224 veterans with 10 and 20 percent disability ratings were evaluated by VR&C to determine if they have a serious employment handicap and thus are entitled to 15 months rather than 9 months of benefits.

Public Law 98-543 establishes a four year pilot program to provide vocational training and other services to certain non-service connected disabled veterans in receipt of VA pension. The program will be in effect from February 1, 1985 through January 21, 1989. Under this pilot program up to 2,500 veterans each year awarded pension during the program period may undergo an evaluation of the feasibility of training and employment. Such an evaluation is required for veterans under age 50, and may be requested by veterans age 50 and above. If training and employment are found feasible for a veteran he or she will be offered an opportunity to pursue a vocational program and may elect to do so. The VA provides training similar to that furnished under Chapter 31, but the veteran does not receive a subsistence allowance or other monetary assistance provided under that program. Additionally, P.L. 98-543 establishes a four year pilot program to evaluate a program of training and other services for veterans receiving individual unemployability compensation benefits.

The primary focus of VR&C Service will be the effective delivery of vocational rehabilitation services under Chapter 31. Recent changes in the program make it possible to provide services which are more flexible and responsive to veteran's needs. As service-delivery systems become more firmly established, it is expected that extended evaluation, employment assistance, and independent living programs will clearly emerge as service entities, on the same level as the traditional training category.

ADP SYSTEMS MANAGEMENT

PROGRAM DESCRIPTION

The ADP Systems Management program is focused on a new Department function -- to modernize the ADP and telecommunications systems in order to provide better service to veterans and their families.

The program is under the direction of the Deputy Chief Benefits Director for ADP Systems Management and is comprised of three Services. They are the Plans and Contracts Service, the Management Control Service and the Systems Development Service. The organization has as its goal the implementation of DVB's ADP Modernization Plan which has four major elements -- Field Operations Enhancement, Decentralization of Processing, Applications Management and Programmer Productivity Improvement and Target Restructuring. The Department plans to make changes to its ADP and telecommunications systems which will benefit veterans and their families by assuring that the needs of those whom the Department serves are met in a more expedient and efficient way. In addition, the Department will expand on-line access for employees, make systems more easily usable by nontechnical personnel, eliminate as much reliance on paper as possible and build on the experience of others in and outside of the VA in pursuing its plans.

SUMMARY OF BUDGET REQUEST

Funds of $40,329,000 and 415 FTEE are requested to support the ADP Systems Management in 1987. This is an increase of $29,538,000 and 390 FTEE over 1986. Included in the 1987 request is the transfer of 13,455,000 and 362 FTEE from the Office of Data Management and Telecommunications (ODM&T). This transfer will improve ADP systems development for veterans benefit programs and will also maintain existing systems. In addition, the transfer will enable the Department to continue to support the activities at the regional office in St. Paul, MN, by the establishment of a remote processing station. This will provide the St. Paul CARS activity with printed output of data processed by the Data Processing Centers in Philadelphia, PA and Austin, TX. This remote processing station is necessary due to the closure of the St. Paul Data Processing Center. The 1987 employment also provides for contract administration for the implementation of various segments of the modernization plan. In addition, $606,000 in travel funds are requested to provide for travel associated with ADP training and to provide travel for technical assistance personnel to respond to the needs of the benefits program ADP users. Additionally, $17,450,000 in other costs is primarily for contract authority to implement the modernization plan, maintenance of office automation equipment and for software enhancements. Included in the other costs is $6,000,000 for the development of mainframe software. The $7,900,000 requested in equipment provides for regional office mini-computers, optical disk storage devices, multi-functional terminals and for telecommunications mini-engines.

The 1987 request provides 53 FTEE and $26,874,000 to effect the Department's modernization plan, which is part of a six year plan totalling $153,631,000. It should be emphasized that because of offsetting savings (of which 264 FTEE and $5,300,000, are in 1987) this entire investment will be recovered by 1992, on a present value basis (using a discount factor of 10 percent). Implementation is scheduled to be completed in 1991, one year prior to full recovery of the investment.

In 1986, funding of $10,791,000 and 25 FTEE supports the ADP Systems Management Program. The 25 FTEE and the $1,006,000 for personal services provide for the Deputy Chief Benefits Director for ADP Systems Management and his immediate staff, all of which are in Central Office. Travel funds of $267,000 will provide field visit oversight for the site preparation, installation and implementation of hardware and software. In addition, $5,018,000 in other services are for contracts, maintenance and training. Additionally, equipment requirements totalling $4,500,000 provide for office automation and rapid access multifunctional terminals.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment	...	...	25	415	+ 390
Obligations:					
Personal Services	...	...	$ 1,006	$14,373	$+13,367
Travel	...	...	267	606	+ 339
Other Services	...	...	5,018	17,450	+12,432
Equipment	...	...	4,500	7,900	+ 3,400
Total Obligations	...	...	$10,791	$40,329	$+29,538

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services	...	$1,006	$14,373	$+13,367

The 1986 and 1987 estimate will support the employment indicated and includes the Federal Government's cost of employee benefits such as retirement, health benefits, life insurance and Medicare. The 1987 request includes the transfer of $12,499,000 and 362 FTEE from the Office of Data Management and Telecommunications (ODM&T). This transfer provides for ADP development of veterans' benefits programs, for the establishment of a remote processing station in St. Paul, MN and for contract administration toward the completion of the modernization plan.

Employee Travel	...	$ 267	$ 606	$+ 339

Funds requested will provide for field visits to provide oversight for the site preparation, installation and implementation of hardware and software associated with the modernization effort. In addition, the request includes travel associated with ADP training and travel needed by the technical assistance personnel to respond to the needs of the benefits program ADP users.

Other Services

Miscellaneous Contractural Services	...	$5,018	$17,450	$+12,432

Employee training in the modernization plan is estimated at $25,000 in 1986. In 1986, the contracts to support the modernization plan consist of the following:

	1986 Estimate
Master functional specifications	$ 300,000
Software retrofit	200,000
Mainframe applications	2,000,000
Regional applications	500,000
Initial optical disk prototype	325,000
Review of regional office operations	250,000
Site preparation	930,000
Development of a data base dictionary	200,000
Equipment maintenance	288,000
Total	$ 4,993,000

In 1987, the contracts to support the modernization plan consist of the following:

	1987 Estimate
Mainframe software	$ 6,000,000
Regional software	2,000,000
Data base consolidation	1,600,000
Optical Disk	1,675,000
System Software	1,200,000
Master functional specifications	900,000
Administration software	650,000
Software retrofit	600,000
Site preparation	600,000
Telecommunication software	400,000
Replacement of security system	300,000
Equipment maintenance	600,000
Total	$16,525,000

As part of the transfer from ODM&T, software contract assistance is requested to support the Insurance Redesign and rewriting the Veterans Rehabilitation and Education Payment System ($800,000). Employee training in the modernization plan is estimated at $125,000 in 1987.

Equipment	...	$4,500	$7,900	$+ 3,400

In 1986, $3,400,000 is needed for office automation and $1,100,000 is needed for rapid access terminals as part of the modernization plan. In 1987, the equipment requirements increase to $7,900,000, and provide for the following: Regional computers ($4,600,000); Optical Disk ($2,000,000); Telecommunications mini-engines ($800,000) and for office automation ($500,000).

PROGRAM HIGHLIGHTS

Activities during 1985 focused on completing a management study of the Department's ADP and telecommunications systems and the management and organizational issues that impact those systems. The first phase of the study was completed in July and resulted in the Administrator's decisions to establish responsibility for ADP system development in DVB and to pursue the technological and architectural modernization of the Department's systems.

The Administrator's decisions in July 1985, paved the way for the development of an ADP modernization plan in DVB. That plan was completed in September 1985 and formed the basis for this budget submission. In addition, the Department was able to begin some of the early steps toward modernization including the acquisition of office automation equipment for both the field and central office.

OFFICE SERVICES

PROGRAM DESCRIPTION

Each large organization requires an operating system to keep its books, handle its mail, and administer its personnel program. All costs for communications, rents, printing, supplies and non-ADP equipment used by the Department are charged to this program. In the Department of Veterans Benefits, these activities are accomplished by three separate programs which comprise the Office Services functions and are conducted in the Regional Offices:

Administrative - Receipt and disbursement of mail; identification of claimants; preliminary development of benefit applications; operation of remote control dictating systems; maintenance of publications; forms management; and records management for the Department.

Finance - Payment of all expenses incurred at the station level; control and collection of accounts receivable and education loans; maintenance of accounting records pertaining to acquired properties and portfolio loans; and responsibility for all fiscal records including the preparation and submission of monthly, quarterly, and yearly reports.

Personnel - All personnel matters such as recruitment and placement; policies and procedures; and the incentive awards programs.

SUMMARY OF BUDGET REQUEST

Funds in the amount of $172,535,000 are requested for this program which is an increase of $7,864,000 over the 1986 level. The request includes, in addition to personal services costs of $63,433,000 for 3,094 FTEE, the housekeeping costs for the entire Department. The 1987 employment reflects modernization savings of 264 FTEE as a result of improved productivity. This improved efficiency is primarily a result of office automation, which is part of the modernization plan. The 1987 request includes an additional $2,758,000 to provide for the new Target maintenance contract which expires in 1986.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment:					
Administrative....	1,796	1,775	1,742	1,589	- 153
Finance 1/........	1,472	1,265	1,350	1,288	- 62
Personnel.........	226	201	211	217	+ 6
TOTAL...........	3,494	3,241	3,303	3,094	- 209
Obligations:					
Personal Services.	$71,122	$72,200	$67,426	$63,433	$-3,993
Travel............	2,154	3,322	2,080	2,624	+ 544
Transportation of Things..........	878	2,270	1,020	1,020	...
Rents, Communications & Utilities......	78,879	85,662	80,404	81,930	+1,526
Printing & Reproduction....	2,867	3,541	2,738	4,000	+1,262
Other Services....	10,683	12,221	11,023	13,828	+2,805

1/ Finance includes the Centralized Accounts Receivable Service at St. Paul which handles the majority of the Collection Activities for overpayments and Loan Guaranty debts.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS CONT'D
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Supplies & Materials.......	$ 5,777	$ 6,884	$3,367	$5,600	$+2,233
Equipment.........	8,810	7,990	640	4,164	+3,524
Total Obligations...	$181,170	$194,090	$168,698	$176,599	$+7,901
Common Service Adjustment......	-3,916	-3,891	- 4,027	-4,064	- 37
Net Obligations...	$177,254	$187,910	$164,671	$172,535	$+7,864

DETAIL OF BUDGET ESTIMATE
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services	$71,122	$67,426	$63,433	$-3,993

The current 1986 estimate has been adjusted to delete the impact of the consolidation proposal in the 1986 President's Budget. This is partially offset by the sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), and by the impact of the permanent change in the computation of salaries, based on 2,087 hours rather than 2,080 hours.

The 1987 estimate will support the employment indicated. The 209 FTEE is the net of 264 FTEE in office automation savings offset by an increase of 55 FTEE, which is required to meet the program's needs in 1987. The decrease in funding reflects the effect of an decrease in employment from 1986, plus an increase in the Medicare rate to 1.5 percent; normal within-grade (longevity) increases, and merit pay increases.

Travel

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Employee Travel...............	$ 180	$ 180	$ 274	$+ 94
Reimbursement for GSA Vehicles.................	1,974	1,900	2,350	+ 450
Total..................	$ 2,154	$ 2,080	$ 2,624	$+ 544

The 1987 estimate includes resources needed to meet this program's travel requirements. Travel costs are incurred by employees in the performance of official duties. These costs are paid in behalf of employees and their dependents on permanent changes of station, round-trip between old and new official stations to seek permanent residence quarters prior to permanent change of station, temporary duty travel in connection with conferences, meetings and management surveys.

The 1987 estimates include additional funds for vehicle costs needed to meet the Department's 1987 vehicle requirements. Reimbursement for GSA vehicles covers the rental of passenger vehicles for the Department from Government motor pools. Vehicles are rented on a long-term or a trip basis. The majority of the costs are for rental on a long-term basis with the vehicles being assigned to personnel whose official duties require constant traveling such as veterans assistance counselors, field examiners, and other officials whose duties require personal contact with veterans and their beneficiaries.

Transportation of Things

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Other Shipments..............	$ 230	$ 267	$ 267	$ ...
Shipment of Household Goods..	648	753	753	...
Total......................	$ 878	$ 1,020	$ 1,020	$ ...

Included are charges incurred by the Department for the transportation of things and their care while being transported. These consist of the following items:

Other Shipments -- transportation costs of miscellaneous items shipped between stations.

Shipment of Household Goods -- costs incurred by employees in the transportation of their personal furniture in moving from one location to another on permanent change of assignment at the convenience of the Government.

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Rents, Communications and Utilities				
Long Distance Telephone				
Commercial	$ 305	305	$ 305	$ ...
GSA (FTS)	5,337	4,797	5,832	+1,035
Recurring Telephone Costs				
Commercial	5,376	4,906	5,100	+ 194
GSA 1/	3,098	3,300	3,432	+ 132
Teletype and Telegraph (VADATS/IDCU)	3,645	3,946	5,186	+1,240
Other Communications	2,124	3,601	3,771	+ 170
Mail	11,473	12,474	12,316	- 158
Standard Level User Charge	46,249	45,583	44,496	-1,087
Other Rental Charges	436	615	615	...
Rental of Office Machines	836	877	877	...
Total	$78,879	$80,404	$81,930	$+1,526

1/ The Department has been advised by GSA that all GSA leased telephones must be purchased by 1987. The total cost of this purchase is unknown at this time. However, based on our experience at three stations it appears that the cost of purchase will exceed the cost of leasing. When these purchases occur, the obligations in GSA telephones shown above will be reduced and obligations shown in equipment will be increased.

The detailed communication items represent the Department's cost for services rendered. The FTS and VADATS/IDCU are communication services estimates and are in accord with rates prescribed. Higher costs in 1987 are anticipated in FTS due to increases in usage and rates. The Integrated Data Communications Utility (IDCU) is the telecommunications network that will replace the VADATS system. The new system will be brought online in 1987. During the initial phase the VADATS system must be maintained until the IDCU can be tested and certified for operation, which accounts for the increase in 1987.

Increases in public utility rates and tariffs account for the additional requirements in commercial recurring, commercial long distance and other communications.

Mail costs represent the Department's reimbursement to the U.S. Postal Service for the actual volume registered on meters located at all regional offices (except Manila) and the Records Processing Center. This is coupled with estimates of one-time or special mailings and samplings from the Manila regional office and the Veterans Assistance offices.

Standard Level User Charge is the amount required for rental of space from GSA as required by the Public Building Amendment. This estimate is based on GSA prescribed rates for occupied space.

Other rental charges provide for the lease of an assortment of ADP equipment used in the collections process of the life insurance activity and in the Centralized Accounts Receivable Service which handles the majority of the collection activity for overpayments and Loan Guaranty debts.

The rental of office machines consist of equipment such as photocopy, microfilm, typing and proofing machines.

Printing and Reproduction

Forms and Form Letters	$ 1,135	$1,369	$ 1,800	$+ 431
Other Printing	1,732	1,369	2,200	+ 831
Total	$ 2,867	$2,738	$ 4,000	$+1,262

The 1987 estimate includes additional resources needed to meet the Department's printing and reproduction requirements. Funds are requested for forms and form letters, printed envelopes and letterheads, special printing and reproduction services, printing of manuals and technical and information bulletins utilized throughout the Department. These funds also include cost of standard forms when specially printed or assembled to order. Funds to pay GSA for centralized duplicating services are also included in this object, as well as the cost of printed material published in the Federal Register.

Other Services

Repair of Furniture and Equipment	$ 1,690	$1,690	$ 1,690	$ ...
Miscellaneous Services	8,993	9,333	12,138	+2,805
Total	$10,683	$11,023	$13,828	$+2,805

Repair of furniture and equipment represents Departmental costs for miscellaneous repairs not covered under an annual maintenance contract.

Funds requested for miscellaneous services cover the contract maintenance expense of the Target terminal system equipment and the cost of contracts with individuals, institutions and organizations. Costs for credit reports, guard service, health services, training, shared administrative support services, debt collection expenses for court costs, U.S. Marshall fees and process servers, and payments to GSA for cost of operating office space during non-regular working hours are also included. The increased costs for 1987 are primarily attributable to Target maintenance. The current Target maintenance contract expires in 1986. The estimated additional cost for the new maintenance contract is $2,758,000.

Supplies and Materials	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Office Supplies.........	$2,769	$1,614	$2,684	$+1,070
Operating and Maintenance............	3,008	1,753	2,916	+1,163
Total...............	$5,777	$3,367	$5,600	$+2,233

The 1987 estimate includes additional resources needed to meet the Department's supply and material requirements. Funds are requested for normal office supplies and for miscellaneous operating and maintenance supplies required for normal operations.

Equipment	$8,810	$ 640	$4,164	$+3,524

The 1987 estimate includes additional resources needed to meet the Department's equipment requirements. The increase of $3,524,000 will reduce the replacement inventory by approximately 24 percent.

The Department has been advised by GSA that all GSA leased telephones must be purchased by 1987. The total cost of this purchase is unknown at this time. However, based on our experience at three stations, it appears that the cost of purchase will exceed the cost of leasing. When these purchases occur, the obligations in equipment will be increased and obligations in GSA telephones will decrease.

PROGRAM HIGHLIGHTS

The Department implemented a new work measurement system effective October 1, 1985. The end products selected for use in this system have been reduced considerably and represent only services and benefits provided to veterans and their beneficiaries. Support activities such as Administrative and Finance have no workload indicators in the measurement system. Their contribution to the benefit programs' final output will be correlated to the workload indicators of the other programs.

As a result of the Department's debt collection efforts in 1985, 13,832 accounts with a value of $43.7 million (including interest, administrative costs and marshall fees) were referred to the Department of Justice. Similarly, 86,046 accounts with a value of $46.9 million were referred to the District Counsels. Dispositions totaled $78.0 million during this period.

Employee training will continue to be emphasized in the Department through several programs - Upward Mobility and the Women's Leadership Program provide for the establishment of training and education programs designed to provide a maximum opportunity for employees to advance so as to perform at their potential. Executive Development is an effort to ensure improved systems within the Department for the selection, counseling, development and utilization of career executives, senior executive personnel and non-SES supervisory employees. In addition, the Department has a trainee program for Finance Officers.

Relocation of VA Regional Offices to VA Hospital Grounds: Studies are being conducted at several locations to determine the feasibility of colocation which, if found to increase efficiency, would take place during the period from 1988 through 1991.

GENERAL OPERATING EXPENSES

DEPARTMENT OF MEMORIAL AFFAIRS

PROGRAM DESCRIPTION

The Department of Memorial Affairs (DMA), established February 23, 1978, is one of the three operating departments of the Veterans Administration. It is under the direction of the Chief Memorial Affairs Director (CMAD), who concurrently serves as the Director, National Cemetery System. The CMAD is the principal advisor to the Administrator in regard to cemeterial and memorial matters.

The Department of Memorial Affairs administers a threefold mission: first, to provide, upon request, for the interment in any national cemetery with available grave space the remains of eligible deceased servicepersons and discharged veterans (together with their spouses and certain dependents) and to permanently maintain these graves; second, to mark graves of eligible persons in national and private cemeteries, upon proper application; and third, to administer the Grant Program for aid to states in establishing, expanding or improving State Veterans' Cemeteries.

A total of 143 cemeterial installations and activities are now included in the National Cemetery System, located in 42 states, the District of Columbia and Puerto Rico. The Headstone and Marker Procurement activity is a part of Central Office, located in the District of Columbia.

The existing 143 cemeterial activities total 9,812 acres. Since the establishment of the National Cemetery System in the Veterans Administration in 1973, approximately 492,500 decedents have been interred in the national cemeteries. During the same period approximately 3.1 million headstones and markers have been furnished to mark graves.

For 1987 the Department employment budget totals 1,189 average employment with 160 in Central Office and 1,029 located in the field. Central Office and field functions are as follows:

Central Office

Management of the National Cemetery System as well as the procurement of headstones and gravemarkers is provided by a Central Office staff averaging 160 employee-years, headed by a Chief Memorial Affairs Director. This staff is organizationally divided into (1) Office of the Director, (2) Staff Offices, (3) Cemetery Service, and (4) Monument Service.

Chief Memorial Affairs Director: Has jurisdiction over and is responsible to the Administrator of Veterans Affairs for the direction, control, and management of the Department of Memorial Affairs and the National Cemetery System. The Director, Budget and Planning Staff, the Director, Personnel and Administration, the Public Affairs Officer, and the Director of State Cemetery Grants Program provide the following support to the Chief Memorial Affairs Director:

1. Responsible for stimulating a nationwide awareness of the National Cemetery Burial and Monument Programs.

2. Arrange and coordinate senior level conferences involving Department and Agency activities with participation by senior VA officials; members of Congress; Federal and state officials; and patriotic, fraternal, civic, and national veterans service organizations.

3. Develop, coordinate, and implement the Department of Memorial Affairs' State Cemetery Grant-in-Aid Program.

Staff Offices:

1. Recommend general policies, plans, procedures, and standards for budget formulation and operational activities related to the appropriations and funds available to the Department.

2. Develop, formulate, coordinate, and recommend Department-wide plans, policies, and procedures; and evaluate and assess, on a continuing basis, the quality and effectiveness of the DMA's programs and operations.

3. Conduct studies of DMA's organizational structure; its functions, relationships, and staffing in the interest of improving effectiveness, economy of operations, and providing for the elimination of overlapping functions.

4. Administer the personnel program for the Chief Memorial Affairs Director, advise and assist in all Departmental personnel matters.

Cemetery Service:

1. Develops long-range plans for an overall National Cemetery Program.

2. Conducts field surveys in connection with development and expansion of existing cemeteries and the establishment of new cemeteries.

3. Prepares, coordinates, reviews and controls engineering studies and projects.

Monument Service:

1. Receives and processes applications for headstones and markers.

2. Determines eligibility of decedent, type of headstone or marker to be furnished and the authorized inscription.

3. Issues invitations for bid, conducts bid openings in accordance with established regulations and procedures, awards and administers contracts.

Field Operations

Immediate supervision of the 143 cemeterial installations and activities is accomplished through three National Cemetery Area Offices located in Atlanta, Georgia; Philadelphia, Pennsylvania; and Denver, Colorado. Field functions fall within two main categories:

1. Executive direction and clerical. This includes all area directors, national cemetery directors, clerical and other administrative personnel who are primarily concerned with:

   a. Management of cemetery activities
   b. Arranging for and conducting interments
   c. Providing advice and assistance to the general public

2. Operation and maintenance. Hourly wage employees assigned to functions in this category perform the following operations:

   a. Opening and closing graves
   b. Operating interment equipment
   c. Setting, realigning, and cleaning of headstones
   d. Caring for grass, shrubbery and trees
   e. Filling and sodding sunken graves
   f. Making minor repairs to buildings, grounds, walks, drives, etc.

ACTIVITY HIGHLIGHTS
(dollars in thousands)

	1985	1986		1987	Increase (+)
	Actual	Budget Estimate	Current Estimate	Estimate	Decrease (-)
Major Programs:					
Central Office Admin	$ 5,629	$ 5,867	$ 5,790	$ 5,842	$+ 52
Field Operations	37,136	37,915	34,593	36,776	+ 2,183
Headstone/Markers Admin	1,748	1,760	1,745	1,763	+ 18
Total Obligations	$44,513	$45,542	$42,128	$44,381	$+ 2,253
Less:					
Reimbursements	- 245	- 180	- 175	- 175	...
Budget Authority	$44,268	$45,362	$41,953	$44,206	$+ 2,253
Average Employment	1,219	1,161	1,176	1,189	+ 13

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Est. 1/	P.L. 99-160 w/Adj. 2/	Adj. for P.L.99-177 3/	Current Est.	Current Est. vs. Budget
Average Employment	1,161	1,189	- 13	1,176	+ 15
Funding:					
Personal Services	$29,640	$30,200	$- 330	$29,870	$+ 230
Travel	370	377	...	377	+ 7
Transportation of Things	131	150	...	150	+ 19
Rents, Comm. and Utilities	2,400	2,575	...	2,575	+ 175
Printing and Reproduction	115	86	...	86	- 29
Other Services	6,976	5,287	- 873	4,414	- 2,562
Supplies and Materials	3,214	3,147	...	3,147	- 67
Equipment	2,696	2,191	- 682	1,509	- 1,187
Total Obligations	$45,542	$44,013	$-1,885	$42,128	$- 3,414
Less:					
Reimbursements	- 180	- 175	...	- 175	- 5
Budget Authority	$45,362	$43,838	$-1,885	$41,953	$- 3,409

1/ President's Budget, as amended.
2/ Budget Estimate adjusted for Congressional Action and current year reestimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The 1986 current estimate of $41,953,000 represents a net reduction of $3,409,000 from the original budget request. Personal Services reflects an increase of $230,000 to support restoration of 15 FTEE from the original budget request. This net increase reflects partial restoration of FTEE initially targeted for A-76 savings (+42 FTEE), as well as decreases due to transfer of the Veterans Day functions to the Office of the Associate Deputy Administrator for Public and Consumer Affairs (-2 FTEE), and revision to the operating levels of the Department due to overall budget reductions (-25 FTEE). Adjustments to Travel; Transportation of Things; and Rents, Communications and Utilities represent anticipated inflationary increases. The Balanced Budget and Emergency Deficit Control Act of 1985 necessitated significant adjustments to the Other Services, Supplies and Materials, and Equipment accounts. These adjustments have greatly impacted the funding level available to accomplish maintenance and repair projects, as well as resulted in deferral and/or elimination of major purchases of vehicles and utility and operating equipment. The reduction to the Printing and Reproduction account reflects the transfer of the Veterans Day functions to the Office of the Associate Deputy Administrator for Public and Consumer Affairs.

Analysis of Increases and Decreases - Obligations
(dollars in thousands)

	1986 Est.	1987 Est.
Prior Year Obligations	$ 44,513	$ 42,128
Normal Salary Increases	328	335
Workload Growth	618	172
Social Security (new employees after 1/1/84)	94	76
Maintenance & Repair Projects	- 1,314	818
Employment Level	- 729	265
Equipment Purchases	- 903	527
Other Services	- 273	182
FTS, VADATS & Postage Costs	- 50	84
Transfer of Veterans Day Functions	- 131	- 161
All Other	- 25	- 45
Total	$ 42,128	$ 44,381

SUMMARY OF BUDGET REQUEST

For 1987 a total of 1,189 average employment and total estimated funding of $44,206,000 is requested for the Department of Memorial Affairs. This represents a net increase of $2,253,000 over the 1986 current estimate level of $41,953,000. The additional resources are requested to support 13 FTEE necessary due to increasing operational requirements in cemeterial and interment workloads, as well as for purchase of needed equipment and accomplishment of maintenance and repair projects at the national cemeteries.

In 1985 a total of 50,489 remains of veterans, active duty personnel and dependents were interred in the national cemeteries. The 1987 interment projection is 54,500, an increase of 1,500 over the 1986 estimate of 53,000. A total of 287,659 headstone applications were processed in 1985 and the estimates for 1986 and 1987 are 300,000 and 308,000 respectively.

This budget also includes start-up costs for opening of the new national cemetery in Florida in early 1988.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment	1,219	1,161	1,176	1,189	+ 13
Obligations:					
Personal Services	$30,351	$29,640	$29,870	$30,470	$+ 600
Travel	288	370	377	377	...
Transportation of Things	148	131	150	168	+ 18
Rents, Comm. and Utilities	2,319	2,400	2,575	2,700	+ 125
Printing and Reproduction	65	115	86	69	- 17
Other Services	5,793	6,976	4,414	5,414	+ 1,000
Supplies and Materials	3,137	3,214	3,147	3,147	...
Equipment	2,412	2,696	1,509	2,036	+ 527
Total Obligations	$44,513	$45,542	$42,128	$44,381	$+ 2,253
Workloads:					
Interments Accomplished					
New Cemeteries					
Calverton	6,748	7,000	6,900	7,100	+ 200
Indiantown Gap	586	800	700	800	+ 100
Massachusetts	972	1,200	1,075	1,200	+ 125
Quantico	617	1,000	700	800	+ 100
Riverside	4,755	4,900	5,000	5,300	+ 300
Ft. Custer	444	600	600	800	+ 200
Ft. Mitchell	...	...	...	500	+ 500
Ft. Richardson (Alaska)	79	100	83	87	+ 4
Florida	...	...	...	...	...
West Virginia	...	...	...	45	+ 45
Subtotal	14,201	15,600	15,058	16,632	+ 1,574
Other Cemeteries	36,288	35,400	37,942	37,868	- 74
Total	50,489	51,000	53,000	54,500	+ 1,500
Occupied Gravesites Maintained					
New Cemeteries					
Calverton	43,046	49,350	49,600	56,600	+ 7,000
Indiantown Gap	1,558	2,000	2,175	2,700	+ 525
Massachusetts	3,669	4,340	4,275	5,400	+ 1,125
Quantico	1,448	2,550	2,050	2,700	+ 650
Riverside	27,418	31,000	32,900	37,800	+ 4,900
Ft. Custer	1,313	1,750	1,800	2,600	+ 800
Ft. Mitchell	...	...	...	500	+ 500
Ft. Richardson (Alaska)	1,411	250	1,483	1,587	+ 104
Florida	...	...	...	...	...
West Virginia	...	...	...	45	+ 45
Subtotal	79,863	91,240	94,283	109,932	+15,649
Other Cemeteries	1,518,825	1,539,460	1,536,417	1,561,068	+24,651
Total	1,598,688	1,630,700	1,630,700	1,671,000	+40,300
Headstone/Marker Applications Processed	287,659	308,000	300,000	308,000	+ 8,000

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

Average Employment:	1985 Actual	1986 Current	1987 Estimate	Increase (+) Decrease (-)
• Field Operations	1,064	1,016	1,029	+ 13
(GS Employees)	(237)	(238)	(238)	...
(Wage Grade Employees)	(827)	(778)	(791)	(+ 13)
Central Office (GS Employees)	155	160	160	...
Total	1,219	1,176	1,189	+ 13
Personal Services:	$30,351	$29,870	$30,470	$+ 600

The 1987 level reflects primarily normal salary increases and personal services requirements to support the additional 13 average employment. The net increase in employment reflects savings expected from contracting out of selected cemeterial activities (-20 FTEE), workload increases for interments and maintenance of gravesites (+8 FTEE), and the transfer of the Veterans Day functions to the Office of the Associate Deputy Administrator for Public and Consumer Affairs (-2 FTEE). These increases were derived from the revised 1986 level of 1,176 FTEE, which had been reduced 27 FTEE due to the impact of the Balanced Budget and Emergency Deficit Control Act of 1985 and other budget reductions.

Travel:

Employee Travel	$ 278	$ 369	$ 369	$ ...
GSA Vehicle Rental	10	8	8	...
Total	$ 288	$ 377	$ 377	$ ...

Travel costs include requirements for Central Office and field personnel in connection with operation and inspection of national cemeteries and miscellaneous activities as well as procurement and inspection of headstones and markers. Also included are temporary travel and permanent change of station travel for cemetery directors and other employees.

Transportation of Things:

Household Goods	$ 135	$ 135	$ 153	$+ 18
Other Shipments	13	15	15	...
Total	$ 148	$ 150	$ 168	$+ 18

Household Goods are for transferring employees, principally cemetery directors, from one location to another. Other Shipments consist of local hauling charges, shipment of materials, and rental of trucks and other vehicles from commercial sources.

Rents, Communications and Utilities:

Telephones	$ 637	$ 840	$ 924	$+ 84
Telegraph and Teletype	3	15	15	...
Electricity	560	580	590	+ 10
Water and Sewer	455	455	465	+ 10
Gas	77	95	105	+ 10
Postage	51	86	86	...
Other	336	504	515	+ 11
Total	$ 2,319	$ 2,575	$ 2,700	$+ 125

The additional funding needed in 1987 reflects increased utility usage costs and includes a significant increase in the FTS billing.

Printing and Reproduction:

	1985 Actual	1986 Current	1987 Estimate	Increase (+) Decrease (-)
Forms and Form Letters	$ 21	$ 30	$ 30	$ ...
Other	44	56	39	- 17
Total	$ 65	$ 86	$ 69	$- 17

Items included are operating and technical manuals, regulations and pamphlets and historical brochures distributed to next-of-kin, other relatives and the general public. The reduction is primarily associated with the transfer of the Veterans Day National Committee to the Office of the Associate Deputy Administrator for Public and Consumer Affairs.

Other Services:

	1985 Actual	1986 Current	1987 Estimate	Increase (+) Decrease (-)
Maintenance of Equipment	$ 172	$ 240	$ 250	$+ 10
Maintenance of Buildings and Grounds	2,052	200	1,018	+ 818
Support of Field Offices	1,076	1,076	1,076	...
Graveliners	851	944	1,016	+ 72
Miscellaneous Services	1,642	1,954	2,054	+ 100
Total	$ 5,793	$ 4,414	$ 5,414	$+ 1,000

Included in Maintenance of Equipment is maintenance and repairs to sedans, buses, and trucks. This account also provides for repairing lowering devices, mechanical grave excavators, tractors, backhoes, ditchers, mowers, generators, office machines, and computer equipment maintenance.

Maintenance of Buildings and Grounds involves over 384 buildings containing 717,141 square feet and 9,812 acres of land divided among the 143 cemeteries and activities. These projects include maintenance and repair of roads, drives, parking lots and walks involving over a million and a quarter square yards; painting of buildings, fences and gates, repair of roofs, walls, electrical systems, etc. Funding for these projects was reduced in 1986 due to the Balanced Budget and Deficit Control Act of 1985. Projects deferred from 1986 are now planned for 1987.

The Support of Field Offices funding represents payment to the Department of Medicine and Surgery facilities for fiscal, engineering, personnel and supply support.

In 1985, 10,726 graveliners were installed. It is estimated that 1986 and 1987 graveliner requirements will be 11,900 and 12,800 respectively.

Miscellaneous Services includes the cost of the cemeteries that are being maintained by contract as well as costs for trash disposal, rodent control, marker bases, training, etc. Increases primarily reflect support for departmental effort to expand the number of national cemeteries whose operational activities are totally or partially contracted out to commercial establishments.

Supplies and Materials:

	1985 Actual	1986 Current	1987 Estimate	Increase (+) Decrease (-)
Flags and Halyards	$ 48	$ 45	$ 45	$ ...
Office Supplies	67	60	65	+ 5
Fuel and Petroleum	447	440	445	+ 5
Operating Supplies	675	670	675	+ 5
Grounds Maintenance	1,687	1,600	1,610	+ 10
Miscellaneous Supplies	213	332	307	- 25
Total	$ 3,137	$ 3,147	$ 3,147	$ ...

Flags and Halyards includes post and storm flags as well as grave decorating flags. Fuel and petroleum products are used in motor vehicles and the cemetery maintenance equipment.
Operating and Grounds Maintenance Supplies include fertilizer, grass seed, humus, salt hay, top soil, weed killers, lime, mulches, insecticides, fungicides, rodent poison, paint and brushes, tires, tubes, batteries, cement, sand, gravel, shovels, spades, picks, etc.

	1985 Actual	1986 Current	1987 Estimate	Increase (+) Decrease (-)
Equipment:				
Total Equipment........................	$ 2,412	$ 1,509	$ 2,036	$+ 527

This account includes the replacement of equipment no longer economically operable. The non-availability of repair parts, high labor and material costs are factors prohibiting economical repairs. Additional equipment included is needed in consonance with the opening of new cemeteries and to provide service and maintenance in newly developed acreage and facilities in existing cemeteries. Equipment requirements are broken down as follows: Vehicles (passenger and non-passenger); Furniture and Fixtures; Utility and Operating Equipment; and Automatic Data Processing Equipment. Vehicles include sedans, pickup trucks, dump trucks and stake trucks. Furniture and Fixtures includes typewriters, adding machines, calculators, office furniture and similar equipment. Utility and Operating Equipment includes grave excavating equipment such as air compressors, pneumatic hammers, backhoes, casket lowering devices, interment shelters, power mowers, trimmers, etc.

1. Replacement Equipment:

	1985 Actual	1986 Current	1987 Estimate	Increase (+) Decrease (-)
Passenger Sedans..................	$ 80	$ 65	$ 33	$- 32
Other Vehicles....................	442	300	453	+ 153
Furniture & Fixtures..............	80	30	49	+ 19
Utility & Operating Equipment.....	1,113	356	497	+ 141
Total......................	$ 1,715	$ 751	$ 1,032	$+ 281

1987 Replacement Vehicles

No.	Type	National Cemetery
4	Sedans, Class II	Massachusetts, Puerto Rico, Ft. Logan, Riverside
1	Truck, Utility	Calverton
7	Trucks, Pickup	Puerto Rico, Ft. Rosecrans, Los Angeles, NMCP, Riverside, Rock Island, Wood
10	Trucks, Dump	Los Angeles, Puerto Rico, Memphis, Houston, Ft. Snelling, Riverside, Calverton(2), Rock Island, Wood
1	Van	Riverside
1	Truck, Cargo	Leavenworth
24		

2. Additional Equipment:

	1985 Actual	1986 Current	1987 Estimate	Increase (+) Decrease (-)
Passenger Sedans..................	$ 36	$ 16	$ 24	$+ 8
Other Vehicles....................	138	54	132	+ 78
Furniture & Fixtures..............	31	20	146	+ 126
Utility & Operating Equipment......	411	300	334	+ 34
Automatic Data Processing Equipment.........................	81	368	368	...
Total......................	$ 697	$ 758	$ 1,004	$+ 246

1987 Additional Vehicles

No.	Type	National Cemetery
3	Sedans	Florida
2	Trucks, Dump	Florida
1	Truck, Carry-all	Florida
3	Trucks, Pick-up	Florida(2); West Virginia
1	Truck, Stakebody	Florida
10		

LOCATION AND STATUS OF NATIONAL CEMETERY GRAVESITES
September 30, 1985

National Cemetery	Occupied Grave-sites	Grave- 1/ sites Reserved	Grave- 2/ sites Available	Total 3/ Gravesites Available	Undeveloped Gravesite Potential	Close Out 4/ Date (Fiscal Year)
Alexandria, LA	6,644	146	876	1,022	0	1992
Alexandria, VA	4,063	24	74	98	0	Closed
Alton, IL	495	35	1	36	0	Closed
Annapolis, MD	2,924	30	2	32	0	Closed
Balls Bluff, VA	25	0	0	0	0	Closed
Baltimore, MD	34,429	2,980	808	3,788	0	Closed
Barrancas, FL	15,038	1,346	2,992	4,338	6,500	2027
Bath, NY	9,349	0	230	230	0	1987
Baton Rouge, LA	5,030	49	4	53	0	Closed
Bay Pines, FL	5,276	385	1,946	2,331	0	1987
Beaufort, SC	12,165	165	5,176	5,341	0	2020
Beverly, NJ	37,205	3,602	106	3,708	0	Closed
Biloxi, MS	3,751	870	4,533	5,403	0	1993
Black Hills, SD	7,568	414	14,464	14,878	70,000	2030+
Calverton, NY	43,046	11,686	16,920	28,606	572,000	2030+
Camp Butler, IL	9,601	276	8,997	9,273	2,000	2026
Camp Nelson, KY	6,687	62	2,520	2,583	3,800	2018
Cave Hill, KY	5,634	3	25	28	0	Closed
Chattanooga, TN	26,018	507	13,763	14,270	2,450	2018
City Point, VA	5,495	75	28	103	0	Closed
~~Cold Har~~bor, VA	971	0	0	0	0	Closed
Corinth, MS	6,347	18	9,582	9,600	0	2030+
Crown Hill, IN	795	0	0	0	0	Closed
Culpeper, VA	5,571	6	5,212	5,218	0	2030+
Cypress Hills, NY	18,566	57	80	137	0	Closed
Danville, IL	6,650	0	12,860	12,860	0	2030+
Danville, KY	393	1	11	12	0	Closed
Danvilie, VA	2,155	25	27	52	0	Closed
Dayton, OH	27,213	2	431	433	7,000	2001
Eagle Point, OR	2,328	0	4,232	4,232	38,000	2030+
Fayetteville, AR	3,724	93	241	334	0	1988
Finn's Point, NJ	2,703	2	0	2	0	Closed
Florence, SC	4,802	56	860	916	0	2004
Florida, FL *	0	0	0	0	180,000	*
Ft. Bayard, NM	2,013	0	2,580	2,580	0	2030+
Ft. Bliss, TX	18,321	1,142	37,563	38,705	17,100	2030+
Ft. Custer, MI	1,313	243	8,387	8,630	440,000	2030+
Ft. Gibson, OK	8,515	123	3,040	3,163	5,000	2009
Ft. Harrison, VA	1,113	2	2	4	0	Closed
Ft. Leavenworth, KS **	0	0	0	0	0	Closed
Ft. Logan, CO	31,183	682	13,701	14,383	122,000	2030+
Ft. Lyon, CO	1,042	0	6,174	6,174	50,000	2030+
Ft. McPherson, NE	4,017	84	2,457	2,541	3,500	2030+
Ft. Meade, SD	188	0	0	0	0	Closed
Ft. Mitchell, AL *	0	0	0	0	124,000	*
Ft. Richardson, AK	1,411	0	1,566	1,566	8,000	2030+
Ft. Rosecrans, CA	46,100	2,078	509	2,587	0	Closed
Ft. Sam Houston, TX	45,933	2,895	19,319	22,214	9,800	2001
Ft. Scott, KS	3,296	141	3,731	3,872	0	2011
Ft. Smith, AR	6,190	206	3,211	3,417	0	2002
Ft. Snelling, MN	82,302	15,125	36,131	51,256	208,000	2030+
Glendale, VA	1,308	0	0	0	0	Closed
Golden Gate, CA	99,794	7,626	6,130	13,756	0	Closed
Grafton, WV	2,084	47	0	47	0	Closed
Hampton, VA	21,410	627	2,082	2,709	0	1990
Hampton, VA (VAMC)	22	0	0	0	0	Closed
Hot Springs, SD	1,481	0	1	1	0	Closed
Houston, TX	17,555	33	12,833	12,866	260,000	2030+
Indiantown Gap, PA	1,558	0	15,189	15,189	400,000	2030+
Jefferson Barracks, MO	72,900	2,046	22,905	24,951	90,000	2030+
Jefferson City, MO	1,582	54	23	77	0	Closed
Keokuk, IA	2,734	59	3,795	3,854	5,300	2030+
Kerrville, TX	460	0	0	0	0	Closed
Knoxville, TN	7,497	196	337	533	0	1989
Leavenworth, KS	34,464	543	2,668	3,211	45,000	2030+
Lebanon, KY	2,148	31	1,373	1,404	1,000	2015

*Not yet constructed
**Included in Leaverworth National Cemetery Data

LOCATION AND STATUS OF NATIONAL CEMETERY GRAVESITES
September 30, 1985

National Cemetery	Occupied Grave-sites	Grave- 1/ sites Reserved	Grave- 2/ sites Available	Total 3/ Gravesites Available	Undeveloped Gravesites Potential	Close Out 4/ Date (Fiscal Year)
Lexington, KY	1,388	0	9	9	0	Closed
Little Rock, AR	17,307	296	961	1,257	0	1988
Long Island, NY	235,327	12,152	6,121	18,273	0	Closed
Los Angeles, CA	71,395	2	2,526	2,528	16,000	Closed
Loudon Park, MD	6,493	5	140	145	0	Closed
Marietta, GA	16,472	376	11	387	0	Closed
Marion, IN	5,050	0	396	396	14,000	2030+
Massachusetts, MA	3,669	1,248	23,893	25,141	332,000	2030+
Memphis, TN	31,864	545	1,648	2,193	0	1987
Mill Springs, KY	1,854	31	521	552	0	2000
Mobile, AL	3,611	240	13	253	0	Closed
Mound City, IL	6,932	67	1,311	1,378	0	2016
Mountain Home, TN	6,800	0	3,139	3,139	9,400	2030+
Nashville, TN	27,206	1,086	3,736	4,822	0	1989
Natchez, MS	5,122	49	451	500	0	1991
NMCP, HI	29,897	650	6,768	7,418	0	1988
New Albany, IN	4,963	145	207	352	0	Closed
New Bern, NC	5,824	92	706	798	0	1991
Philadelphia, PA	10,370	37	15	52	0	Closed
Port Hudson, LA	6,925	30	238	268	0	1991
Prescott, AZ	2,966	0	0	0	0	Closed
Puerto Rico, PR	15,773	1,263	16,970	18,233	50,000	2030+
Quantico, VA	1,448	0	58,195	58,195	123,000	2030+
Quincy, IL	491	1	101	102	0	1990
Raleigh, NC	4,363	105	1,035	1,140	0	1992
Richmond, VA	7,272	212	1	213	0	Closed
Riverside, CA	27,418	5,034	51,283	56,317	300,000	2030+
Rock Island, IL	12,146	800	5,109	5,909	0	1994
Roseburg, OR	2,380	0	0	0	0	Closed
St. Augustine, FL	1,164	18	40	58	0	Closed
Salisbury, NC	14,842	63	728	791	0	1992
San Antonio, TX	3,008	28	196	224	0	Closed
San Francisco, CA	23,729	630	462	1,092	0	Closed
Santa Fe, NM	15,047	400	5,261	5,661	0	1993
Seven Pines, VA	1,134	1	0	1	0	Closed
Sitka, AK	692	1	45	46	750	2020
Springfield, MO	8,338	197	1,137	1,334	3,000	2005
Staunton, VA	842	5	12	17	0	Closed
Togus, ME	5,371	0	0	0	0	Closed
Willamette, OR	60,344	1,979	15,730	17,709	12,000	2001
Wilmington, NC	4,849	59	125	184	0	1986
Winchester, VA	5,061	35	97	132	0	Closed
Wood, WI	23,961	1	1,405	1,406	8,000	1998
Woodlawn, NY	6,294	211	12	223	0	Closed
Zachary Taylor, KY	8,689	963	285	1,248	0	1988
TOTALS	1,598,668	85,955	523,747	609,702	3,638,600	

1/ Includes reserved gravesites and gravesites set-aside.

2/ Includes sites suitable for cremated remains.

3/ Includes all sites available (reserved, set-aside, cremated and inground).

4/ Cemeteries indicated as "Closed" will continue to inter eligible family members in already occupied gravesites and previously reserved gravesites, and may have sites available for cremated remains.

GENERAL ADMINISTRATION

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GENERAL ADMINISTRATION

PROGRAM DESCRIPTION

General Administration is funded under the General Operating Expenses (GOE) appropriation. This activity consists of the Office of the Administrator, four Associate Deputy Administrators, and eleven Agency level staff offices, excluding the Office of Procurement and Supply.

The Office of the Administrator and the Offices of the four Associate Deputy Administrators provide Agency level policy guidance to the staff offices which report to them.

Seven GOE staff offices, as well as the Associate Deputy Administrators, report directly to the Administrator and Deputy Administrator. The Inspector General is responsible for the audit and investigation of all VA programs and operations. The Board of Contract Appeals hears and decides appeals from decisions of contracting officers. The Board of Veterans Appeals conducts an Agency-wide appellate program for persons not satisfied with the original decisions on their applications for benefits. The General Counsel serves as the Agency's legal advisor. The Office of Budget and Finance (Controller) is responsible for the management of Agency level budget, finance and manpower functions. The Office of Personnel and Labor Relations formulates and executes personnel management and labor relations policies and programs of the VA. The Office of Equal Opportunity administers the equal employment opportunity and civil rights programs for the Agency.

The remaining four GOE staff offices and the Office of Procurement and Supply are organized functionally to enable these staff offices to coordinate their efforts and integrate, to the extent feasible, their varied functions. In 1986, the Associate Deputy Administrator for Information Resources Management was redesignated the Associate Deputy Administrator for Management (ADA/Management) to provide a single focus in the Agency for all management and productivity improvement programs and to provide independent oversight of VA policy, programs and program execution. To this end, the Associate Deputy Administrator for Management oversees the Office of Data Management and Telecommunications, the Office of Information Management and Statistics and the Office of Program Analysis and Evaluation. The Office of Administration and the Office of Procurement and Supply, although not a GOE staff office, report to the Associate Deputy Administrator for Logistics..

Reorganizations - Two reorganizations which will be implemented in 1987 impact the General Administration activity. The net decrease of 349 FTEE, described below, is reflected in this submission.

The Office of Construction will move to the Department of Medicine and Surgery (see Volume III). In connection with this move, General Administration will receive 13 FTEE from the Office of Construction. Of this total, 10 FTEE will go to the newly constituted Associate Deputy Administrator for Management to perform an independent facilities management oversight function, formerly the responsibility of the Office of Construction. The Office of Budget and Finance (Controller) will receive 3 FTEE to strengthen the construction budget oversight function. Also, the Office of Program Planning and Evaluation has been renamed the Office of Program Analysis and Evaluation and will report to the ADA/Management.

The Department of Veterans Benefits' (DVB) modernization plan includes the transfer of 362 FTEE from the Office of Data Management and Telecommunications in order to move ADP program specialists closer to the DVB program specialists. Although these employees will be performing essentially the same functions, DVB will have greater control of ADP resources and will thus be able to better focus expenditures on service delivery priorities.

Activity Highlights
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Administrator					
Obligations	$ 2,015	$ 2,234	$ 2,168	$ 2,517	$+ 349
FTEE	39	40	38	39	+ 1
Inspector General					
Obligations	19,519	18,774	18,567	18,118	- 449
FTEE	385	380	384	381	- 3
Board of Contract Appeals					
Obligations	725	701	738	728	- 10
FTEE	13	13	13	14	+ 1
Board of Veterans Appeals					
Obligations	16,772	17,403	16,251	17,375	+ 1,124
FTEE	437	441	413	427	+ 14
General Counsel					
Obligations	27,414	26,996	26,222	26,692	+ 470
FTEE	697	692	682	688	+ 6
Budget & Finance (Controller)					
Obligations	19,389	18,836	17,788	18,624	+ 836
FTEE	611	601	597	594	- 3
Personnel & Labor Relations					
Obligations	9,006	9,696	9,227	9,650	+ 423
FTEE	208	224	218	218	...
Equal Opportunity					
Obligations	1,924	1,428	1,329	1,426	+ 97
FTEE	35	33	31	32	+ 1
ADA/Congressional and Intergovernmental Affairs					
Obligations	1,175	1,050	1,158	1,157	- 1
FTEE	27	27	26	27	+ 1
ADA/Public & Consumer Affairs					
Obligations	2,420	2,826	2,662	3,017	+ 355
FTEE	48	55	55	54	- 1
ADA/Management					
Obligations	587	477	432	923	+ 491
FTEE	8	9	7	18	+ 11
Data Management & Telecommunications					
Obligations	107,746	114,743	102,658	100,816	- 1,842
FTEE	1,841	1,744	1,711	1,269	- 442
Information Management and Statistics					
Obligations	5,947	5,377	5,916	7,138	+ 1,222
FTEE	135	133	126	130	+ 4
Program Analysis & Evaluation					
Obligations	3,295	3,264	2,606	3,278	+ 672
FTEE	64	61	53	52	- 1
ADA/Logistics					
Obligations	248	284	301	280	- 21
FTEE	4	4	6	4	- 2

Activity Highlights (cont.)
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Office of Administration					
Obligations	$ 21,382	$ 23,092	$ 21,034	$ 26,354	$+ 5,320
FTEE	173	169	165	176	+ 11
Total (Jurisdictional)					
Obligations	239,536	247,181	229,057	238,093	+ 9,036
FTEE	4,725	4,626	4,525	4,123	- 402
Common Services					
Obligations	-11,155	-11,155	-11,218	-11,161	+ 57
FTEE	- 397	- 397	- 397	- 397	...
Total (Net)					
Obligations	228,381	236,026	217,839	226,932	+ 9,093
FTEE	4,328	4,229	4,128	3,726	- 402
Reimbursements	-13,699	-16,351	-16,395	-24,019	- 7,624
Appropriation Request:					
Budget Authority	214,682	219,675	201,444	202,913	+ 1,469
FTEE	4,328	4,229	4,128	3,726	- 402

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	P.L. 99-160 with Adj 2/	Adj. for PL 99-177 3/	Current Estimate	Current Est. vs. Budget
Jurisdictional Funding by Activity:					
Office of Administrator	$ 2,234	$ 2,265	$ -97	$ 2,168	$ -66
Inspector General	18,774	19,401	-834	18,567	-207
Board of Contract Appeals	701	771	-33	738	37
Board of Veterans Appeals	17,403	16,981	-730	16,251	-1,152
General Counsel	26,996	27,400	-1,178	26,222	-774
Budget & Finance (Controller) .	18,836	18,586	-798	17,788	-1,048
Personnel & Labor Relations ...	9,696	9,642	-415	9,227	-469
Equal Opportunity	1,428	1,389	-60	1,329	-99
ADA/Congressional and Intergovernmental Affairs ...	1,050	1,210	-52	1,158	108
ADA/Public & Consumer Affairs .	2,826	2,780	-118	2,662	-164
ADA/Management	477	451	-19	432	-45
Data Management & Telecommunications	114,743	106,033	-3,375	102,658	-12,085
Information Management and Statistics	5,377	6,181	-265	5,916	+539
Program Analysis & Evaluation	3,264	2,723	-117	2,606	-658
ADA/Logistics	284	315	-14	301	+17
Office of Administration	23,092	21,980	-946	21,034	-2,058
Total Jurisdictional Obligations	247,181	238,108	-9,051	229,057	-18,124
Common Services (-)	-11,155	-11,218	...	-11,218	-63
Total Net Obligations	$236,026	$226,890	$-9,051	$217,839	$-18,187
Average Employment	4,626	4,573	-48	4,525	-101
Jurisdictional Funding by Object:					
Personal Services	$156,656	$155,870	$-2,785	$153,085	$-3,571
Travel	4,670	5,090	-735	4,355	-315
Transportation of Things	1,099	482	-32	450	-649
Rents, Comm. & Utilities	53,026	48,469	-1,076	47,393	-5,633
Printing & Reproduction	2,974	2,751	-481	2,270	-704
Other Services	18,837	17,099	-2,228	14,871	-3,966
Supplies & Materials	6,402	4,832	-898	3,934	-2,468
Equipment	3,262	3,295	-806	2,489	-773
Insurance Claims & Indemnities	255	220	-10	210	-45
Total Jurisdictional Obligations	$247,181	$238,108	$-9,051	$229,057	$-18,124
Common Services (-)	11,155	11,218	...	11,218	-63
Total Net Obligations	$236,026	$226,890	$-9,051	$217,839	$-18,187

1/ President's budget request, as amended.
2/ Adjusted for Congressional action and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

This table shows three different funding levels for 1986. The first, Budget Estimate, reflects the original 1986 President's budget request, amended. The second column is the enacted appropriation level (P.L. 99-160), adjusted for Congressional action and current year re-estimates of requirements. The Current Estimate column reflects the impact of P.L. 99-177, the Balanced Budget and Emergency Deficit Control Act of 1985.

The Congressional action column (P.L. 99-160 with Adj.) reflects reductions of $10.1 million and 53 FTEE, the General Administration activity's portion of the total $31.4 million cut to the GOE appropriation, net of $650,000 in the Office of Data Management and Telecommunications which was part of a transfer of $8 million from the Medical Care appropriation. Congressional action also provided for increased funding and employment in the Office of the Inspector General (+9 FTEE) for facility audits and in the Office of the General Counsel ($+450,000 and 15 FTEE) for loan guaranty foreclosures required by the Deficit Reduction Act of 1984. Congressional action further mandated a reduction of 8 FTEE in the Office of Program Analysis and Evaluation. Employment reductions, including in the Offices of the Inspector General and the General Counsel, will be necessary where non-payroll funding is not available to meet reductions.

The Current Estimate column reflects reductions of $9,051,000 and 48 FTEE, pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. A freeze on hiring will be utilized to achieve the savings required in the payroll,portion of the budget. In addition, some offices will reduce non-payroll areas where possible to balance lower employment levels. Further, most offices will cut back on overtime authorized, cash awards and, where applicable, translocation expenditures within payroll accounts.

The Inspector General will also reduce travel per FTEE by 5% and will curtail contract audits by the Defense Contracting Audit Agencies, Department of Health and Human Services, and full field investigations of employees in sensitive positions. The General Counsel, in addition to lowering employment by 8 FTEE, will eliminate training and maintenance contracts on non-ADP equipment, where possible. Travel for district counsel oversight visits, subscriptions for legal reference materials and field office automation efforts will be reduced. The Offices of Personnel and Labor Relations, Information Management and Statistics, and Budget and Finance (Controller) will also reduce, cancel or defer office automation plans.

In the Office of Data Management and Telecommunications, contract support for application development, except for the VA Data Transmission System (VADATS), will be eliminated. Lease and maintenance costs of computer equipment will be reduced below current services by releasing some components and using on-call maintenance on owned equipment wherever possible. Finally, supplies and tape/disk media inventories will be reduced to a minimal level. The Office of Administration will cut back in the areas of printing and reproduction, supplies and materials, and equipment.

ANALYSIS OF INCREASES AND DECREASES
(dollars in thousands)

	1986 Estimate	1987 Estimate
Prior Year Obligations	$228,381	$217,839
Employment Reduction net of Medicare and Social Security Increase	-826	...
VADATS (Replacement in 1987)	+3,696	+5,606
Other Rent and Communication Costs	+4,871	+1,650
Supply and Equipment Reductions	-5,674	...
Survey of Veterans III & Other Studies	+850	+1,100
VA Central Office Building Maintenance Transfer	...	+3,048
A-76 and Other Contracts	-4,408	+3,168
Transfer of ADP from ODM&T to DVB	...	-13,189
PAID Redesign	...	+1,502
Public Law 99-177	-9,051	+6,208
(Payroll)	(-2,686)	(+204)
(Non-Payroll)	(-6,365)	(+6,004)
Total Net Obligations	$217,839	$226,932

SUMMARY OF BUDGET REQUEST

Funding of $202 913,000 and 4,123 FTEE are requested to support the General Administration activity in 19[illegible] . This request is $1,469,000 above and 402 FTEE below the latest 1986 current estimate. The 1986 current estimate reflects sequestration of $9.1 million pursuant to P.L. 99-177, the Balanced Budget and Emergency Deficit Control Act of 1985.

There are requests for several new initiatives this year. The Office of Data Management and Telecommunications is requesting $1.5 million to finance software development for the PAID redesign project in 1987. This should allow enough progress so that equipment purchases for the departments may begin in 1988. This office will also have offsetting management savings of $821,000 and 113 FTEE in 1987 resulting from the contracting out of data processing center operations in Hines, IL.

The Office of Information Management and Statistics is requesting $1.1 million for two surveys: a Survey of Disabled Veterans ($700,000 in 1987 and an additional $300,000 planned for 1988) and a Survey of Medical System Users ($400,000). Also, $850,000 is included in the base to complete the third Survey of Veterans (SOV III) which was begun in 1986.

The Office of Administration includes a reimbursement of $2.7 million and the transfer of 11 FTEE from the General Services Administration (GSA) for the management of the VA Central Office building. These resources will be transferred along with responsibility for building management as part of GSA's initiative to delegate real property management authorities to agencies housed in single-tenant Government-owned and leased buildings. GSA will reimburse the VA for building management in 1987 only; beginning in 1988, VA will request budget authority for this responsibility.

A recent General Counsel opinion (April 10, 1985) states that all construction, no matter what the cost, be funded in the Minor Construction appropriation. To comply with this, funding of $842,000 ($677,000 for the Office of Data Management and Telecommunications and $165,000 for the Office of Administration) from the GOE appropriation has been transferred to the Minor Construction appropriation. These funds will be available for obligation for miscellaneous projects.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment:					
Jurisdictional	4,725	4,626	4,525	4,123	- 402
Common Services (-)	397	397	397	397	...
Net	4,328	4,229	4,128	3,726	- 402
Obligations:					
Jurisdictional:					
Personal Services	$156,597	$156,656	$153,085	$140,790	$-12,295
Travel	4,594	4,670	4,355	4,514	+ 159
Transportation of Things	483	1,099	450	381	- 69
Rents, Communications & Utilities	40,589	53,026	47,393	54,731	+ 7,338
Printing and Reproduction	2,384	2,974	2,270	3,089	+ 819
Other Services	21,069	18,837	14,871	24,770	+ 9,899
Supplies and Materials	6,307	6,402	3,934	6,284	+ 2,350
Equipment	7,317	3,262	2,489	3,334	+ 845
Insurance Claims & Indemnities	223	255	210	200	- 10
Total Jurisdictional Obligations	$239,536	$247,181	$229,057	$238,093	$+ 9,036
Common Services (-):					
Personal Services	$ 8,886	$ 8,886	$ 8,886	$ 8,886	...
Transportation of Things	43	43	43	43	...
Rents, Communications & Utilities	386	386	292	292	...
Printing and Reproduction	1,027	1,027	1,027	1,027	...
Other Services	112	112	268	211	- 57
Supplies and Materials	701	701	702	702	...
Total Common Services	$ 11,155	$ 11,155	$ 11,218	$ 11,161	- 57
Net:					
Personal Services	$147,711	$147,770	$144,199	$131,904	$-12,295
Travel	4,594	4,670	4,355	4,514	+ 159
Transportation of Things	440	1,056	407	338	- 69
Rents, Communications & Utilities	40,203	52,640	47,101	54,439	+ 7,338
Printing and Reproduction	1,357	1,947	1,243	2,062	+ 819
Other Services	20,957	18,725	14,603	24,559	+ 9,956
Supplies and Materials	5,606	5,701	3,232	5,582	+ 2,350
Equipment	7,317	3,262	2,489	3,334	+ 845
Insurance Claims & Indemnities	223	255	210	200	- 10
Total Net Obligations	$228,381	$236,026	$217,839	$226,932	$+ 9,093

NOTE: See Individual Offices for additional detail

OFFICE OF THE ADMINISTRATOR

PROGRAM DESCRIPTION

The Administrator of Veterans Affairs is the chief executive officer of the Veterans Administration. He is responsible to the President for the administration of laws relating to benefits for veterans, their dependents and their beneficiaries. He is appointed by the President, with the advice and consent of the Senate. The Deputy Administrator of Veterans Affairs is also appointed by the President, with the advice and consent of the Senate. These officials and their staffs constitute the Office of the Administrator.

The mission of the Administrator of Veterans Affairs, as established in title 38, U.S.C., is the proper execution and administration of all laws administered by the Veterans Administration and the control, direction and management of the Veterans Administration.

The Administrator is directly responsible for establishing basic policies governing Agency operation, the development and maintenance of its basic organizational structure, maintaining liaison with members and appropriate committees of both houses of Congress and state legislatures in matters involving legislation pertaining to veterans' affairs, the establishment of supplementary regulations, the stimulation and approval of long-range plans and the development and maintenance of favorable relations with organizations, groups and individuals concerned with veterans affairs.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST

		Current Estimate			
	Budget Estimate 1/	P.L. 99-160 with adj. 2/	P.L. 99-177 adj. 3/	Current Estimate	Current Estimate vs. Budget
Average Employment	40	40	-2	38	- 2
Funding:					
Personal Services	$1,939	$1,860	$ -39	$1,821	$ -118
Travel	171	171	-30	141	- 30
Other Services	94	209	-26	183	+ 89
Supplies & Materials	20	20	. . .	20	. . .
Equipment	10	5	- 2	3	- 7
Total Obligations	$2,234	$2,265	$ -97	$2,168	$ - 66

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 will require delays in filling personnel vacancies as well as reductions in nonpayroll areas.

SUMMARY OF BUDGET REQUEST

An average employment level of 39 FTEE and associated funds of $2,517,000 are requested to support the Office of the Administrator's operation in 1987.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment	39	40	38	39	+1
Obligations:					
Personal Services	$1,758	$1,939	$1,821	$1,965	$+144
Travel	133	171	141	171	+ 30
Other Services	109	94	183	351	+168
Supplies and Materials	14	20	20	20	. . .
Equipment	1	10	3	10	+ 7
Total Obligations	$2,015	$2,234	$2,168	$2,517	$+349

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services	$1,758	$1,821	$1,965	$+144

Estimated requirements cover the Office of the Administrator, as described in the program description. Increased Personal Services reflects normal within-grade pay increases and full staffing in 1987.

Travel				
Employee Travel	$ 133	$ 141	$ 171	$ + 30
GSA Rental	. . .	. . .	. . .	. . .
Total	$ 133	$ 141	$ 171	$ + 30

A total estimate of $171,000 is requested for 1987. These funds are necessary for performance of travel required by the Office of the Administrator, including field station visits, facility dedications, national service organization meetings, professional development and public affairs responsiblities.

Other Services	$ 109	$ 183	$ 351	$ +168

Included in this item are funds for consultant fees, seminars, conferences and training. Also included is $3000 for representation and reception activities. The increase represents additional funding for the administrative activities of the Committee for Employer Support of Veteran Employment (CESVE). The Committee, which is composed of members representing organized labor, business and professional associations, is responsible for improving the climate for veteran employment for veterans by highlighting their many and varied job skills and personal qualities.

Supplies and Materials	$ 14	$ 20	$ 20	. . .

These funds will provide for miscellaneous non-stock office supplies and other material for the Administrator's Office and necessary supplies for the staff meetings, briefings, and top management training programs.

Equipment	$ 1	$ 3	$ 10	$ + 7

This item is for normal replacement of equipment and furnishings which meet the Agency's standard for replacement.

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OFFICE OF THE INSPECTOR GENERAL

Program Description

The Office of Inspector General (OIG) was established by the Inspector General Act of 1978 and is responsible for the audit and investigation of all VA programs and operations.

The Office of Inspector General, in accordance with the Act, (a) conducts audits and investigations of VA programs and operations and other activities carried out and/or financed by the VA; (b) makes recommendations for the purpose of (1) promoting economy, efficiency and effectiveness and (2) preventing and detecting fraud, waste and abuse in VA programs, operations and other VA activities; (c) provides a means for keeping the Administrator and Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity of corrective actions; and (d) provides leadership and coordination on complex audit and investigative matters.

The overall OIG operational objective is to focus available resources on areas which would help improve services to veterans and their beneficiaries, assist managers of Agency programs and operations in economically accomplishing program goals, and prevent and deter recurring and potential fraud, waste and inefficiencies.

The operations of the Office of Inspector General are carried out through three Assistant Inspectors General (AIG): The AIG for Auditing; the AIG for Investigations; and the AIG for Policy, Planning and Resources. Along with the Central Office management and support staffs, there are eight OIG regional offices located throughout the country.

The AIG for Auditing has the responsibility for planning and conducting audits of VA programs and operations. Audit coverage is structured around programs and activities known to be vulnerable to fraud, abuse, waste or mismanagement; programs or activities in which the Congress, Administrator, or IG has expressed an interest; and areas mandated for coverage by law, regulation or OMB directive. The external contract and grant audit work is performed under reimbursable audit arrangements with the Defense Contract Audit Agency and the Department of Health and Human Services OIG. The Central Office audit staff is organized along both program and functional lines to conduct system-wide audits of major VA programs and operations. The field office audit staffs are strategically located at or near major VA field facilities and are primarily responsible for cyclical reviews of the facilities in their region.

The AIG for Investigations is responsible for investigating complaints of serious criminal and administrative irregularities. Criminal matters investigated are referred to the Department of Justice for criminal prosecution. This office is also responsible for a proactive investigative program of potentially fraudulent activities and a technical laboratory for examination of questioned documents and other materials. The Central Office and field office investigative staffs are collocated with the audit staff to promote maximum cooperation and coordination on mutual audit and investigative matters.

The AIG for Policy, Planning and Resources is responsible for coordinating and overseeing a number of technical and support activities within the office. These functions include audit planning, risk analyses and vulnerability assessments, GAO and external audit liaison, audit and investigative policy development, resource management and Agency-wide personnel and information security.

Changes From Original 1986 President's Budget Request
(dollars in thousands)

	Budget Est. 1/	Current Estimate: PL 99-160 With Adj. 2/	Current Estimate: Adj. for PL 99-177	Current Estimate: Current Est. 3/	Current Est. vs. Budget
Average Employment	380	389	- 5	384	+ 4
Funding					
Personal Services	$15,263	$15,418	$ - 172	$15,246	$- 17
Travel	2,133	2,346	- 155	2,191	+ 58
Transportation of Things	20	72	- 17	55	+ 35
Rents, Comm., & Utilities	402	408	- 61	347	- 55
Other Services	777	894	- 339	555	- 222
Supplies & Materials	120	141	- 41	100	- 20
Equipment	59	122	- 49	73	+ 14
Total Obligations	$18,774	$19,401	$ - 834	$18,567	$- 207

1/ President's Budget, as amended.
2/ Budget Estimate adjusted for Congressional Action and current year reestimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The current 1986 estimate of $18,567,000 in obligations and 384 in average employment is a decrease of $207,000 and an increase of 4 in average employment from the President's Budget. As a result of Public Law 99-160, average employment increased to 389, 9 FTEE over the budget estimate. The changes reflected in the current estimate are the result of adjustments required under Public Law 99-177.

SUMMARY OF BUDGET REQUEST

An average employment of 381 and $18,118,000 is requested to support the Office of Inspector General in 1987. This is a decrease of 3 FTEE and $449,000 under the 1986 current estimate.

These resources will permit maintenance of audits and investigations at the same annual level. OIG Audits and investigations will continue to focus on high pay-off areas and areas vulnerable to fraud, waste, and inefficiency. Benefits (potential cost recoveries and efficiencies and criminal and administrative sanctions) from OIG efforts continue to be demonstrated through significant audits and investigations.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase(+) Decrease(-)
Average Employment					
Facility Audits..............	179	169	174	174	...
Program/Functional Audits...........	83	87	86	84	- 2
Fraud Investigations.........	75	73	75	75	...
Management Support and Administration.........	48	51	49	48	- 1
Total......................	385	380	384	381	- 3
Obligations					
Personal Services............	$15,272	$15,263	$15,246	$15,002	$- 244
Travel.......................	2,203	2,133	2,191	2,025	- 166
Transp. of Things............	162	20	55	50	- 5
Rents, Comm. & Utilities....	439	402	347	336	- 11
Other Services...............	966	777	555	550	- 5
Supplies & Materials.........	154	120	100	100	...
Equipment....................	323	59	73	55	- 18
Total Obligations.........	$19,519	$18,774	$18,567	$18,118	$- 449

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase(+) Decrease(-)
Personal Services............	$15,272	$15,246	$15,002	$- 244

The requested funding will support a proposed average employment of 381. This staffing level will permit the maintenance of OIG activities at their current level.

Funding for Personal Services also reflects normal within-grade and merit pay increases, promotions, translocation costs (including applicable Relocation Income Tax Allowances) involved in employee transfers, and the Government's share of social security and other employee benefits.

Travel

Employee Travel...............	2,167	2,155	1,995	- 160
GSA Rental....................	36	36	30	- 6
Total.......................	2,203	2,191	2,025	- 166

These funds will provide for the travel of auditors and investigators in support of mission accomplishment.

Transportation of Things..................	162	55	50	- 5

These funds will provide for the internal transfer of existing office personnel, and for employees who transfer to this office from other Government agencies.

Rents, Communications and Utilities...............	439	347	336	- 11

These funds are required for leased space, telephones and equipment/ADP rentals.

Other Services................	966	555	550	- 5

These funds will provide for continuing contract ADP services, contract audit services (DCAA/HHS Audit Agencies), reimbursements to OPM for Agency-wide full-field investigations, and the training of OIG employees.

Supplies and Materials..................	154	100	100	...

Funds are required for administrative supplies and materials.

Equipment.....................	323	73	55	- 18

Funds are required for replacement and purchase of ADP and other equipment and furniture.

Program Highlights

During 1985, the OIG issued 126 audit reports that identified a total of $680 million in potential recoveries and cost efficiencies. Audit reports pending resolution identified an additional $43 million in potential recoveries and cost efficiencies.

During the same period, 1,272 investigations were opened, 1,151 were closed, and 1,027 were pending. These investigations resulted in 251 indictments and $7 million in fines, penalties, settlements, administrative recoveries and cost efficiencies.

The following summaries of activities are taken from 1985 semi-annual reports and highlight significant audits and investigations occurring during the year:

- Over $212 million could be saved through the use of alternative environments for the treatment of some psychiatric inpatients.
- Improved loan guaranty program controls would result in avoiding estimated foreclosure costs of $186 million for 1986 loans.
- Audits disclosed that employee disability costs can be reduced by $93 million over the next 5 years by improving VA management of job-related injury costs.
- Resolved audits identified $54 million in costs that can be avoided by canceling or reducing the scope of planned construction projects.
- Improved procurement should provide cost efficiencies of $27 million in the acquisition of telecommunications.
- An estimated $9 million in excess benefit payments was paid to hospitalized beneficiaries.
- Investigations in the loan guaranty program disclosed that third parties were providing fraudulent information on guaranteed loan applications, fraudulently obtaining veteran's property to receive rent until foreclosure without relieving the veteran of mortgage liability and illegally included items which were never delivered in the purchase price of mobile homes.
- Investigations found over $20 million in benefits were fraudulently received by individuals who either falsely claimed to be unemployed or who understated their reportable income. Prosecutive results were: 117 convictions for pension fraud and 10 convictions for compensation fraud.

BOARD OF CONTRACT APPEALS

PROGRAM DESCRIPTION

The Veterans Administration Board of Contract Appeals was established pursuant to the Contract Disputes Act of 1978, Pub. L. 95-563, 92 Stat. 2383 (codified at 41 U.S.C. 601-613). The Contract Disputes Act vests the Board with jurisdiction to decide appeals from decisions of contracting officers relative to construction, supply, and service contracts made with the VA. Decisions of the Board are final within the Agency, but are subject to review by the Court of Appeals for the Federal Circuit. The right of appeal is available to both the contractors and the VA. Proceedings before the Board are adversary in nature and are designed to provide due process to the parties in the resolution of disputes between the contractors and the Government. This includes the right to a hearing, to be represented by counsel, to cross-examine witnesses and to have a record of the proceedings upon which to base an appeal. Hearings are reported verbatim by a contract reporter. Decisions of the Board are published and are reported in a number of the commercial publications dealing with Government procurement law. The Board's workload is principally composed of appeals relating to construction contracts.

Changes From Original 1986 President's Budget Request
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	P.L.99-160 with adj. 2/	P.L.99-177 adj. 3/	Current Estimate	Current Est. vs. Budget
Average Employment.......	13	14	-1	13	...
Funding:					
Personal Services.......	$633	$654	$-29	$625	$-8
Travel..................	15	20	-4	16	+1
Rents, Communications and Utilities.........	...	25	...	25	+25
Other Services..........	15	60	...	60	+45
Supplies & Materials....	10	12	...	12	+2
Equipment...............	28	...	...	...	-28
Total Obligations....	$701	$771	$-33	$738	$+37

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The current 1986 estimate of $738,000 and 13 FTE is an increase of $37,000 from the President's budget. In addition to the small increases in Travel and Supplies and Materials, additional funding is provided for Other Services (for court reporter services). The Current Estimate of $25,000 in Rents is for upgrading the Board's automation capabilities in order to meet its responsibilities. The sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 will require personnel and travel reductions.

SUMMARY OF BUDGET REQUEST

Funding of $728,000, with an average employment level of 14, is requested for 1987. The Board continues to experience a rapid growth in nondiscretionary workload, which has resulted in a steady increase in the Board's pending docket despite increases in productivity.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment..........	13	13	13	14	+1
Obligations:					
Personal Services.........	$633	$633	$625	$627	$+2
Travel....................	11	15	16	16	...
Rents, Communications and Utilities..........	...	...	25	25	...
Other Services............	56	15	60	50	-10
Supplies and Materials....	14	10	12	10	-2
Equipment.................	11	28	...	...	...
Total Obligations......	$725	$701	$738	$728	$-10

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services............	$633	$625	$627	$+2

Personal Services funds are requested to support employee salaries and associated employee benefit costs. Beginning in mid-1986, the Board will hire Law Clerks to assist Judges in reviewing submittals of the parties, in researching the law and in the drafting of legal memoranda and decisions.

Travel......................	11	16	16	...

These funds are required for Board members to conduct hearings and prehearing conferences. The parties are entitled to a hearing and the amount of travel depends on the number of hearings and prehearing conferences held in the field. Most of the hearings are held at or near the VA installations where the contract work is done. Approximately 90% of the appeals arise under contracts for construction and renovation. Since the witnesses for the parties in these cases are usually located at or near the job site, field hearings are cost beneficial to both the contractors and the Government.

Rents, Communications and Utilities..............	...	25	25	...

These funds will be used to lease word processing equipment. Beginning in 1986, the Board started to upgrade their word processing equipment with equipment which will (1) allow the Judges to better manage the hundreds of documents associated with each case and (2) allow the Board to keep track of their cases and more effectively manage dockets. Also, the clerical staff will generate more timely drafts and final decisions.

Other Services..............	56	60	50	-10

Most of these funds are required for contract reporting services and payment for hearing transcripts. The cost of such necessary services is beyond the control of the Board. These funds also are used to provide a computerized legal research system for the Board, equipment maintenance contracts, and to fund the Board's limited training program.

Supplies and Materials.......	14	12	10	-2

These funds will be used to maintain the Board's law library to assist the Judges in research and the decision-making process and to purchase miscellaneous office supplies.

Equipment....................	11	...	...	...

CASELOAD

	1985 Actual	1986 Estimate	1987 Estimate
Appeals Pending at Beginning of Year	240	261	292
Appeals Received	220	231	242
Dispositions	199	200	205
Appeals Pending at End of Year	261	292	329

BOARD OF VETERANS APPEALS

PROGRAM DESCRIPTION

Title 38, United States Code, chapter 71 establishes the Board of Veterans Appeals (BVA). Under the administrative control and supervision of its Chairman, the Board is directly responsible to the Administrator.

The BVA conducts an Agency-wide appellate program and makes final decisions on appeals involving benefits administered by the VA. It assures that appellants are afforded due process of law and that they receive all benefits to which they and their dependents are entitled.

Each person seeking a veterans benefit files a claim in a VA field office. After adjudication, the field office sends its initial decision and notification about rights of appeal. The claimant has one year in which to appeal this decision. A dissatisfied claimant may file a notice of disagreement with the field office which took the initial action. That office reviews the case in light of the disagreement and, if unable to grant benefits sought, sends the appellant a statement of the case. This statement outlines the issue, evidence of record, laws and regulations involved, and the reason for the decision. Included also is a simple form for filing a substantive appeal.

If the appellant, after reviewing the statement of the case, still disagrees with the field office, he or she may submit a substantive appeal which sets out allegations of error of fact or law related to specific items in the statement of the case. If the matter still cannot be resolved to the satisfaction of the appellant, the field office certifies the case to the Board for de novo review and final decision.

Changes From Original 1986 Budget Estimates
(dollars in thousands)

The following table has been included to provide a summary of the changes between the current and budget estimates for 1986. Sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 will require personnel reductions as well as nonpayroll limitations. A freeze on hiring will be utilized to achieve the savings required in the payroll portion of the budget.

		Current Estimate			
	Budget Estimate 1/	P.L. 99-160 with adj 2/	P.L. 99-177 adj. 3/	Current Estimate	Current Est. vs. Budget
Average Employment	441	431	-18	413	-28
Funding:					
Personal Services.........	$15,925	$15,846	$ -579	$15,267	$ -658
Travel.....................	105	105	-30	75	-30
Transportation of Things..	26	17	-3	14	-12
Rents, Comm. & Utilities..	290	205	...	205	-85
Printing & Reproduction...	...	...	...	...	...
Other Services	430	418	-40	378	-52
Supplies & Materials......	122	90	-8	82	-40
Equipment.................	505	300	-70	230	-275
Total Obligations....	$17,403	$16,981	$ -730	$16,251	$ -1,152

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

SUMMARY OF BUDGET REQUEST

For 1987 the Board of Veterans Appeals requests an average employment level of 427 full time employee equivalents (FTEE) and $17,375,000 to support its operations. This will permit organizing the BVA with a complement of 21 Board Sections and an output of 43,600 appellate decisions per year. After several years of emphasis on production to meet demands of very heavy appellate workloads, we are refocusing some of our attention to our review procedures and refining our decisions to upgrade the content and legal sufficiency. Our decisions are being expanded and broadened to meet the critical standards expected of a final appellate body, while continuing to explain, in laypersons' terms, the law and rationale governing our rulings.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment:					
Office of the Chairman	17	17	17	17	...
Board Members	60	63	63	63	...
Attorney Advisers . .	147	145	131	138	+7
Medical Advisers. . .	4	2	2	2	...
Administrative Support	209	214	200	207	+7
Total	437	441	413	427	+14

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Obligations:					
Personal Services	$15,407	$15,925	$15,267	$16,129	$+ 862
Travel.	86	105	75	110	+ 35
Transportation of Things	13	26	14	15	+ 1
Rents, Communications and Utilities . .	185	290	205	225	+ 20
Other Services. . . .	463	430	378	552	+ 174
Supplies and Materials	96	122	82	105	+ 23
Equipment	522	505	230	239	+ 9
Total Obligations . .	$16,772	$17,403	$16,251	$17,375	$+1,124

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services	$15,407	$15,267	$16,129	$+ 862

Personal services funds support an organization of 21 board sections with a complement of supporting administrative personnel.

Office of the Chairman: Proposed staffing is required to effectively plan and direct operations and to coordinate resources of the Board of Veterans Appeals to assure accomplishment of its mission. The management group consists of a chairman, a vice chairman, and two deputy vice chairmen. The latter direct operations of board sections and are responsible for quality review of BVA decisions before they are released. The quality review program is one of the BVA caseload management procedures that includes standards for measuring accuracy, timeliness, and fairness of Board adjudications; continuous evaluation of decisions through application of these standards; and using information from evaluations to identify needed improvements to adjudicative performance.

Members: This budget request includes provisions to organize and operate the Board of Veterans Appeals with 21 board sections, each composed of three members. Sections are quasi-judicial bodies whose principal functions are to consider all appeals properly before them, to conduct hearings, to evaluate evidence of record, and to enter decisions in writing on questions presented on appeal.

Attorney Advisers: The attorney adviser staff assists members by conducting research and preparing tentative decisions.

Medical Advisers: These physicians serve as advisers to the board's management group and to board sections and attorney advisers on individual case issues. When possible, one medical adviser is a board-certified psychiatrist.

Administrative Support: This includes personnel to maintain the docket, schedule hearings, and provide correspondence, mail and record activities, secretarial services, and similar support. Included also are tasks of indexing and redacting (editing to remove identifying information) decisions and making them available to the public under the Freedom of Information Act. A decrease of four FTEE is reflected in the Administrative Support area for 1987. This reduced request is a result of the following: (1) productivity improvements associated with office automation initiatives; and (2) staffing demands associated with workload projections.

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Travel				
Employee Travel	$ 86	$ 75	$ 110	$+ 35
GSA Rental.	...	...	...	...

These funds are used primarily for visits of traveling sections of the BVA to field stations to conduct formal hearings. The large number of appellants seeking personal hearings before the Board requires us to conduct 17 travel board trips each year and to lengthen visits to some field stations. Other travel expenses include trips of the chairman and his staff to participate in major service officer conventions and other meetings involving veterans' affairs, travel in conjunction with executive development and other training, and travel for new employees transferred from field stations.

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Transportation of Things	$ 13	$ 14	$ 15	$+ 1

Most of these funds are required to cover shipping costs of recordings to the Board's transcription section in Wilkes-Barre, Pennsylvania and for return shipment of transcriptions. Remaining funds will pay for shipment of household goods and personal effects of employees expected to be transferred to the BVA from VA field offices.

Rents, Communications and Utilities. . .	$ 185	$ 205	$ 225	$+ 20

These funds will be used to cover rental costs for photocopiers and miscellaneous office equipment. This request also includes funds for the leasing costs of the data processing system used for BVA case control and work measurement purposes.

Other Services. . . .	$ 463	$ 378	$ 552	$+ 174

The Board uses contractual support for the Appellate Index and Retrieval System (AIRS), the Independent Medical Expert (IME) opinion program, maintenance contracts for word processing and other office equipment, and tuition costs for executive development, legal, medical, professional and other training.

The increase of $174 thousand is primarily due to increased maintenance contract expenses associated with newly acquired office automation equipment and to contractor system development support required for final phase of office automation system installation.

Supplies and Materials.	$ 96	$ 82	$ 105	$+ 23

Requested funds will be used to purchase replacement desks, chairs, and other furnishings, where required, for the entire Board. This budget object includes funds for office, operating, and data/word processing supplies and books, professional periodicals, and other reference material for our research center.

Equipment	$ 522	$ 230	$ 239	$+ 9

1987 funds will be used towards the purchase of equipment needed for an ongoing office automation initiative, and for acquisition and/or replacement of dictating equipment, transcription devices, typewriters, stand-alone word processors, and other office equipment in accordance with equipment acquisition and replacement plans.

PROGRAM HIGHLIGHTS

	1985 Actual	1986 Current Estimate	1987 Estimate
Appeals pending, start	39,079	36,119	35,480
(in field stations)	(24,582)	(23,438)	(23,060)
(at the BVA)	(14,497)	(12,681)	(12,420)
Appeals received	+42,313	+41,601	+41,600
Total workload	81,392	77,720	77,080
Appeals decided by BVA	-45,273	-42,240	-43,600
Appeals pending, end	36,119	35,480	33,480
(in field stations)	(23,438)	(23,060)	(21,760)
(at the BVA)	(12,681)	(12,420)	(11,720)
Cases chargeable to BVA	15,136	17,530	14,630

Actual and projected average response times for appeals chargeable to the BVA (including time appeals are held in field stations awaiting callup) are:

Average BVA response times (in calendar days)	122	151	122

GENERAL COUNSEL

PROGRAM DESCRIPTION

The Office of General Counsel provides legal services to the Administrator and all Agency components in Central Office and the field in all matters of law and legislation arising within the statutory framework prescribed by Congress. This includes services at the Federal as well as state level in legal and legislative areas of involvement. The functions of the Office of General Counsel are essentially staff functions with operational involvement in all VA field offices. Its goal is to deliver to all Agency components timely and quality legal services with maximum efficiency.

The primary activities of the Office of General Counsel include:

1. Furnishing legal advice to all Agency components and insuring implementation of laws consistent with their meaning and intent;
2. Examining for legal correctness all regulations, rules and directives;
3. Collaborating with Department of Justice on referred litigation;
4. Resolving administrative tort claims filed against the Agency;
5. Initiating and responding to legal actions in state and Federal courts arising under the loan guaranty, guardianship and debt collection programs;
6. Collecting funds owed the Federal government under the Medical Care Recovery Act, Worker's Compensation, medical insurance, educational overpayments, loan guaranty, escheat, etc.;
7. Maintaining liaison with members and appropriate committees of both Houses of Congress and state legislatures in matters involving legislation affecting laws administered by the Veterans Administration;
8. Supervising and coordinating matters pertaining to proposed state and Federal legislation, executive orders and proclamations;
9. Representing the Government in matters before the VA Contract Appeals Board;
10. Representing the Agency in matters before the Merit Systems Protection Board.

Changes From Original 1986 President's Budget Request
(dollars in thousands)

	Budget Estimate 1/	Current Estimate			Current Est. vs. Budget
		PL 99-160 w/adj. 2/	Adj. for PL 99-177 3/	Current Est.	
Average Employment	692	690	-8	682	-10
Funding:					
Personal Services	$24,054	$24,890	-715	$24,175	+121
Travel	560	570	- 95	475	-85
Transportation of Things	29	35	+6	35	+6
Rents, Comm. & Utilities	183	114	...	114	-69
Other Services	575	610	-190	420	-155
Supplies & Materials ...	705	550	-22	528	-177
Equipment	635	411	-146	265	-370
Insurance Claims	255	220	-10	210	-45
Total Obligations ..	$26,996	$27,400	$-1,178	$26,222	$-774

1/ President's Budget, as amended.
2/ Budget Estimate adjusted for Congressional action and current year reestimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

Explanation

Congressional action on the 1986 President's Budget request authorized 15 FTEE and $450 thousand for loan guaranty foreclosures under the Deficit Reduction Act of 1984; however, the full employment level of 707 FTEE could not be supported as a result of Congressional action on the GOE appropriation and a higher than planned average salary level. A more realistic employment level was determined to be 690 FTEE. Personnel originally intended for debt collection activities will be shifted to the foreclosures area of responsibility so that fund recoveries anticipated under the Act will be realized.

The reductions pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 will require personnel reductions as well as nonpayroll limitations. A freeze on hiring will be utilized to achieve the savings required in the payroll portion of the budget. Cash awards will be eliminated and overtime substantially reduced. Reductions in nonpayroll accounts will include a freeze on training for professional, clerical and administrative personnel; reductions in field station oversight visits; elimination of maintenance contracts on non-ADP equipment where possible; reduced subscriptions of legal reference materials; and significant cut back in our field office automation efforts.

SUMMARY OF BUDGET REQUEST

An average employment of 688 and $26,692,000 is requested to accomplish the duties of the Office of General Counsel in 1987. This is an increase of $470,000 and 6 FTEE from the 1986 current estimate.

We have encountered workload increases in the 8 to 10 percent range annually over the past five years, primarily in administrative tort claims, recoveries of funds, procurement activities and personnel matters. The demand for more extensive involvement in medical/legal matters is also substantially increasing. Staffing for these workloads has decreased slightly. We have, however, increased the utilization of automation to meet the expanding workload and have also redirected some employment from other, more discretionary workload areas. In addition, some workloads relating to loan guaranty activities are being directed to fee attorneys.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS

(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment					
Field	540	537	529	534	+ 5
Central Office . .	157	155	153	154	+ 1
Total	697	692	682	688	+ 6
Obligations					
Personal Services	$24,683	$24,054	$24,175	$24,578	$+ 403
Travel	492	560	475	500	+ 25
Transportation of Things	32	29	35	35	...
Rents, Communications and Utilities . .	146	193	114	118	+ 4
Other Services . . .	580	575	420	450	+ 30
Supplies and Materials	661	705	528	540	+ 12
Equipment	601	635	265	271	+ 6
Insurance Claims and Indemnities . . .	218	255	210	200	- 10
Total Obligations	$27,414	$26,996	$26,222	$26,692	$+ 470

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services	$ 24,683	$ 24,175	$ 24,578	$+ 403

Payroll requirements reflect normal within-grade and Merit Pay increases. Cash awards and overtime will be reduced considerably.

Travel

Employee Travel	$ 450	$ 430	$ 460	$+ 30
GSA Rental	42	45	40	- 5
Total	$ 492	$ 475	$ 500	$+ 25

These funds provide for temporary duty travel necessary to provide legal services to 514 VA hospitals, domiciliaries, out-patient clinics and nursing home care installations; 59 benefits regional offices; 143 cemeteries and other facilities. Travel involved is related to procurement contracts; law enforcement actions; coordination with U.S. attorneys on law enforcement and litigation activities; liaison with state legislatures; conferences with judges, county prosecutors and sheriffs on security matters at VA installations; appearances in state and Federal courts and before Worker's Compensation boards in all legal matters; investigation and development of claims filed under the Federal Tort Claims Act; court appearances in the areas of guardianship and commitment; attendance at professional training sessions; Central Office supervision of field stations; contract hearings and negotiations; debt collection activities; EEO, MSPB and labor management hearings and national training conferences. Other travel includes rental of GSA passenger vehicles; bus, taxi and rail fares; and the cost of employee relocations. Travel costs of witnesses are paid in instances in which the client is unable to pay.

Transportation of Things	$ 32	$ 35	$ 35	$ ...

These funds will provide for necessary expenses involved in the movement of household goods that arise from the official transfer of employees to new duty stations. Employee turnover and the small staffs in many District Counsel offices frequently require the transfer of experienced attorneys.

Rents, Communications and Utilities . . .	$ 146	$ 114	$ 118	$+ 4

These expenditures are for telephone, teletype and facsimile charges incurred in connection with field operations, and for rental of ADP and office equipment.

Other Services	$ 580	$ 420	$ 450	$+ 30

This includes funds for maintenance contracts on word processing and other office equipment, ADP equipment, and for space alteration. Tuition costs of legal seminars and professional training courses conducted outside the Agency are paid from this account. Included are ADP user service charges for the LEGISLATE system (legislative tracking) and the WESTLAW system (legal research). Credit reports, court and legal fees, depositions, court reporters, appraisals, and attorneys fees are also paid when the client is unable to do so.

The reduction in this category from the 1985 level is due to cancellation of maintenance contracts on most non-ADP equipment.

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Supplies and Materials	$ 661	$ 528	$ 540	$+ 12

Over one-half of these expenditures are for the purchase of legal reference materials for the law libraries in Central Office and District Counsel offices, such as new and revised texts and treatises, and for replacement and continuation of existing subscriptions. Also included in this category are office and operating supplies, library shelving and other office furnishings.

The reduction from the 1985 level is due to cancellation of library subscriptions.

Equipment	$ 601	$ 265	$ 271	$+ 6

The requested funding provides additional word processing/ADP equipment to enhance clerical productivity and further automate administrative functions. Funds are also included for replacement and upgrade of existing word processors, dictating devices, typewriters and photocopiers due to obsolescence or unservicable condition.

A reduced level of funding from the 1985 level will significantly slow down our field office automation efforts.

Insurance Claims and Indemnities	$ 218	$ 210	$ 200	$- 10

These funds provide for payment of claims under the Federal Tort Claims Act not in excess of $2,500. The amount requested does not include payments of compromise settlements in tort claims where the claimant is eligible for payment under 38 USC §351.

WORKLOAD INDICATORS

	1985 Actual	1986 Current Estimate	1987 Estimate
Litigation	59,897	62,000	63,000
Administrative Tort Claims	2,816	2,850	2,900
Loan Guaranty Actions	73,184	77,000	79,000
Medical Care Recovery Act and Other Recoveries (000). . .	$34,584	$36,000	$35,000
Debt Collection (Cash 000)	$16,302	$10,500	$ 9,500

OFFICE OF BUDGET AND FINANCE (CONTROLLER)

PROGRAM DESCRIPTION

The Director, Office of Budget and Finance (Controller) is the financial management officer for the agency. In this capacity, he is responsible for the management of Agency-level budget, finance, manpower and planning functions of the Veterans Administration (VA). This mission is accomplished through three Services: Budget, Finance and Manpower. This organizational structure permits a cohesive approach to requesting, distributing and accounting for the resources to accomplish the Agency's mission. The integration of funding and staffing resource management reinforces the most efficient and effective use of these resources.

The primary activities of the Office of Budget and Finance (Controller) are:

1. to act as the Deputy Administrator's agent in all matters pertaining to budget formulation and execution within the VA;
2. to direct the VA finance program;
3. to coordinate the Agency's planning function;
4. to review, evaluate and coordinate the fiscal aspects of the VA construction program;
5. to develop ADP systems specifications in such areas as fiscal accounting, payroll records management and budget preparation and execution; and
6. to recommend VA-wide manpower policies and programs.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate 1/	Current Estimate			Current Estimate vs. Budget
		P.L. 99-160 with adj. 2/	P.L. 99-177 adj. 3/	Current Estimate	
Average Employment	601	597	. . .	597	-4
Funding:					
Personal Services	$16,699	$16,599	$ -378	$16,221	$-478
Travel	228	218	-75	143	-85
Transportation	4	4	-2	2	-2
Rents/Comm./Utilities	720	689	-52	637	-83
Printing/Reproduction	. . .	. . .	. . .	. . .	. . .
Other Services	533	424	-33	391	-142
Supplies & Materials	150	150	-67	83	-67
Equipment	502	502	-191	311	-191
Total Obligations	$18,836	$18,586	$-798	$17,788	$-1,048

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

The sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, will require reductions in personal service funds as well as nonpayroll limitations. Overtime, cash awards, translocation costs and travel will be reduced and the Automated Budget Execution System (ABES) software purchase eliminated.

SUMMARY OF BUDGET REQUEST

An average employment of 594 and $18.6 million are requested to support the Office of Budget and Finance (Controller) operations in 1987. Budget Service will add 3 average employment to its staff, which will be offset by a decrease from the Office of Construction, to improve the oversight system of construction project reviews by implementing the development of better performance indicators as control tools during the review of construction projects. This was a recommendation of a 1985 Booz-Allen Construction Study which analyzed construction project reviews. The loss of 6 average employment in Finance Service will be at the Austin, Texas, Finance Division as a result of the Computer Assisted Payment Processing System (CAPPS) automation.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

Average Employment	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Immediate Office.	11	13	12	12	. . .
Budget Service.	33	37	37	40	+3
Manpower Service.	9	9	9	9	. . .
Finance Service	558	542	539	533	-6
TOTAL	611	601	597	594	-3
Obligations					
Personal Services.	$16,833	$16,699	$16,221	$16,490	$+269
Travel.	172	228	143	228	+85
Transportation of Things.	41	4	2	4	+2
Rents, Communications and Utilities	584	520	637	668	+31
Other Services.	547	533	391	582	+191
Supplies and Materials	255	150	83	150	+67
Equipment	952	702	311	502	+191
Insurance Claims	5	. . .	. . .	. . .	. . .
TOTAL OBLIGATIONS	$19,389	$18,836	$17,788	$18,624	$ +836
REIMBURSEMENTS	-40	-19	-19	-19	. . .
BUDGET AUTHORITY	$19,349	$18,817	$17,769	$18,605	$ +836

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services.	$16,833	$16,221	$16,490	$ +269

The increase from 1986 to 1987 reflects the normal payroll increases and within grades and the affect of increased employment for Budget Service (3).

Travel

Employee.	$172	$143	$228	$ +85

Travel is required to conduct on-site evaluations of field operations as they relate to the areas of budget, financial management and manpower resource management and to provide fiscal assistance to field facilities when requested. Travel is also provided to conduct required oversight responsibilities as they relate to the provisions of the Financial Integrity Act.

Transportation of Things.	$41	$2	$4	$+2

These funds are to pay for shipping charges on equipment and shipment of household goods and personal effects of field employees selected to fill anticipated vacant positions. At times it is necessary to select employees with field station experience to effectively fill certain positions.

Rents, Communications and Utilities	$584	$637	$668	$+31

These funds are primarily for the Standard Level User's Charge (SLUC) for the Austin, Texas, Finance Division. The increases are created by increase in the SLUC rate, rental of equipment for the AT&T Horizon Call Management System and inflation offset by purchasing the VS100 computers for the Wang Office Automation System rather than continue leasing.

Other Services	$547	$391	$582	$+191

These increases reflect increased maintenance costs for additional equipment purchased at the Austin, Texas, Finance Division to support the Computer Assisted Payment Processing System (CAPPS) effort and in Central Office for the office automation system.

Supplies and Materials	$255	$83	$150	$+67

These funds are for administrative supplies and expendable furniture primarily for the workforce at the Austin, Texas, Finance Division.

Equipment	$952	$311	$502	$+191

These funds are for the purchase of the VS100 computers for the Wang Office Automation System and CAPPS equipment as well as for normal replacement of equipment which is no longer serviceable and which meets the standards for replacement.

Insurance Claims	$5	. . .	. . .	. . .

These funds represent settlement of a Federal Tort claim.

OFFICE OF PERSONNEL AND LABOR RELATIONS

PROGRAM DESCRIPTION

The Director, Office of Personnel and Labor Relations (OP&LR) is the personnel officer for the Agency and is responsible for the personnel management and labor relations policies and programs of the Veterans Administration (VA). The OP&LR is a Central Office (CO) staff office furnishing advice and guidance to the Administrator, Deputy Administrator, the Associate Deputy Administrators (ADAs), other top Agency officials, and the Departments of Medicine and Surgery, Veterans Benefits, and Memorial Affairs in meeting the established mission, goals and objectives of the organization through a dynamic and effective personnel management and labor relations program. During 1987, approximately 174 FTE (including 17 FTE at the Richmond Special Examining Unit) will be assigned to providing agency-wide service, advice, assistance, support and guidance. Another 44 FTE will be assigned to provide day-to-day personnel services to VACO's 4500 employees through an operational Personnel Office. A recent study found the VA's overall personnel specialist-to-employee ratio to be 1:108. The President's Council on Management Improvement found the Government-wide average to be 1:60 and cited the VA for having one of the most effective and efficient personnel management programs.

The major objectives of the Office of Personnel and Labor Relations are:

1. To promote recruitment and retention of qualified personnel throughout the agency by the planning, developing and implementing of personnel policies, programs and procedures for employees covered under both Title 5 and Title 38.
2. To assist in fostering and maintaining a fair and stable labor relations program throughout the agency.
3. To promote a progressive and effective employee relations program through performance appraisal, counseling and incentive awards systems which seek to improve productivity and organizational efficiency.
4. To review and evaluate personnel programs and procedures throughout the agency and to assist in providing ADP support for the VA-wide personnel program.
5. To administer a position management and classification program which meets ADA, Department and Staff Office needs, ensures an effective position structure, and is consistent with Office of Personnel Management (OPM) regulations and standards.
6. To provide leadership and to coordinate all VA training and development activities. To provide and support the ADA's, Departments and Staff Offices with appropriate training and development for VA executives, managers, supervisors, and personnel specialists; and to help officials become more effective trainers in their organizations.
7. To provide leadership, advice and assistance to agency officials on matters pertaining to hours of duty and pay for employees.
8. To provide the full range of personnel management services for VACO, including personnel on CO rolls with duty stations elsewhere.
9. To develop and administer programs ensuring that the VA's executive personnel resources are managed in a way that is effective, efficient and consistent with law and OPM regulations.
10. To support equal employment opportunity efforts in personnel management.

Changes from Original 1986 Budget Estimates
(dollars in thousands)

	Budget Estimate 1/	Current Estimate			Current Est. vs. Budget
		P.L. 99-160 with adj. 2/	P.L. 99-177 adj. 3/	Current Estimate	
Average Employment	224	222	- 4	218	- 6
Funding:					
Personal Services	$8,390	$8,320	$-160	$8,160	$-230
Travel	375	264	- 31	233	-142
Transp. of Things	17	11	--	11	- 6
Rents, Comm., & Util.	75	75	- 2	73	- 2
Other Services	414	573	- 41	532	+118
Supplies & Materials	68	42	- 2	40	- 28
Equipment	357	357	-179	178	-179
Total Obligations	$9,696	$9,642	$-415	$9,227	$-469

1/ President's budget request, as amended
2/ Adjusted for Congressional and current year re-estimates
3/ Balanced Budget and Emergency Deficit Control Act of 1985

Narrative Explanation

The reductions pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 will require personnel reductions as well as non-payroll limitations. A freeze on hiring will be utilized to achieve the savings required in the payroll portion of the budget. There will be a reduction of 6 FTE in OP&LR staffing from the requested 1986 level.

In order to achieve the required reductions from our original budget estimate, OP&LR has also made reductions in non-payroll areas by reducing executive training activities, office automation plans, and personnel management evaluations.

The increase in Other Services from the Budget Estimate to the Current Estimate is the result of VA's cost for the expanded Professional, Administrative, Technical and Clerical (PATC) salary survey.

SUMMARY OF BUDGET REQUEST

An average employment of 218 and $9,650,000 is requested to support the operations of the OP&LR in 1987. This represents an increase of $423,000 from 1986. The funding requested in 1987 will enable us to resume programs and projects that were reduced in 1986 for P.L. 99-177.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment..............	208	224*	218*	218	--
Obligations					
Personal Services.....................	$7,919	$8,390	$8,160	$8,260	$+100
Travel..........................	471	375	233	375	+142
Transportation of Things....................	7	17	11	17	+ 6
Rents, Communications and Utilities................	61	75	73	78	+ 5
Other Services..................	401	414	532	414	-118
Supplies and Materials....................	98	68	40	68	+ 28
Equipment.......................	49	357	178	438	+260
Total Obligations	$9,006	$9,696	$9,227	$ 9,650	$+423

*The increase in average employment from 1985 to 1986 resulted entirely from the transfer to OP&LR of full supervisory responsibility for the Richmond SEU (17 FTE).

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services.....................	$7,919	$8,160	$8,260	$+100

Funds are included for the cost of salaries and benefits (health and life insurance, retirement, Social Security, Medicare, etc.) that are needed to support staffing needs in OP&LR. The requested increase of $100,000 from 1986 to 1987 reflects normal payroll increases (i.e., promotions, within-grades) and increased translocation costs.

Travel				
Employee Travel.......................	$ 87	$ 71	$ 95	$+ 24
VA Executive Training.....................	383	161	279	+118
GSA Rental......................	1	1	1	--
Total Travel....................	$ 471	$ 233	$ 375	$+142

OP&LR provides executive training programs for selected groups of field station directors, associate/assistant directors, and other VA managers. "VA executive training" travel funds are used to defray lodging and other travel-related expenses incurred while attending our training programs. "Employee travel" funds are used to pay necessary lodging and travel-related expenses for OP&LR employees engaged in arbitration or complaint hearings, on-site personnel management evaluations, position classification and position management activities, conducting wage surveys, recruitment, and special purpose trouble-shooting visits to field stations. The requested increase of $142,000 from 1986 to 1987 reflects bringing back on line several executive training programs and personnel management evaluations.

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Transportation of Things......................	$ 7	$ 11	$ 17	$ +6

These funds will be used to cover the estimated cost of shipment of household goods and personal effects of field station employees transferred to OP&LR to fill vacancies.

Rents, Communications and Utilities..................	$ 61	$ 73	$ 78	$+ 5

These funds will be used primarily for the lease of equipment needed for OP&LR office automation.

Other Services				
Miscellaneous Contractual Services...........	$301	$501	$325	$-176
VA Executive Training.............	100	$ 31	89	+ 58
Total Other Services..............	$401	$532	$414	$-118

"Miscellaneous contractual" funds are used by OP&LR for providing health services to VACO employees; for office automation; for equipment maintenance; for repair of furniture, equipment and office space; and for participation of OP&LR employees in training meetings and seminars. In addition, during 1986 $207,000 in "miscellaneous contractual" funds were obligated to reimburse BLS for the expanded PATC salary survey. "VA executive training" funds will be obligated for programs designed to select, train, and evaluate employees with high potential for assuming future leadership positions. The requested increase of $58,000 from 1986 to 1987 will enable OP&LR to carry out critical programs in 1987 that were postponed from 1986.

Supplies and Materials.......................	$ 98	$ 40	$ 68	$+ 28

This amount is required for the acquisition of materials used for VA-wide training programs and for needed special office supplies, such as years-of-services pins, subscriptions to professional journals, and engraving of plaques and medals authorized by the Administrator.

Equipment.........................	$ 49	$178	$438	$+260

These funds will be used primarily to acquire central processing units, terminals, printers, related software, and telecommunications needed to complete installation of the OP&LR office automation system. Funds will also be used to replace outmoded and worn-out equipment that has exceeded its economic life. The requested increase of $260,000 will enable us to continue the installation project. Completion will occur in 1988.

PROGRAM HIGHLIGHTS

Last year, over 57,000 employees were hired through extensive recruitment efforts, particularly in the health care fields. There was increased staffing for the key positions of physician and nurse. As of June 30, 1985, VA employed almost 12,000 physicians and over 35,000 nurses.

Recruitment for physicians and nurses continues to be active, augmented by increasing recruitment needs for physical therapists and pharmacists. In March 1985, we implemented the appointment, advancement, and pay authorities of P.L. 98-160 to enhance the recruitment and retention of physical and respiratory therapists and licensed practical/vocational nurses. In April, over

10,000 physical therapists and licensed nurses were converted to employment under these regulations. To date, nearly 600 respiratory therapists have been converted. Clearinghouses for physicians and physical therapists have been established at the Special Examining Unit with VA-wide referral capability.

The number of Vietnam era veterans in our work force remained steady. Nearly 48,000 Vietnam era veterans were on the rolls as of June 30, 1985. The almost 70,000 minority employees on VA rolls comprised 33 percent of our full time work force as of September 30, 1985. The 132,000 women employees made up 54 percent of our total work force as of October 31, 1985.

Union activity remained high in the VA with unions exercising their bargaining rights at both the national and individual facility level. The largest union, AFGE, was especially active in matters concerning contracting-out and employee safety and health. There was a noticeable increase in workload in handling union initiatives including particularly efforts to represent professional employees such as physicians, nurses, residents and interns.

A new automated system designed to locate, track and refer quality candidates for key VA managerial assignments was implemented on October 1, 1985. The system, called the Centralized Staffing System (CSS), features quick response time in identifying qualified employees, on-line access to records, and the ability to develop data for planning needs.

Under authorities granted to the Administrator by P.L. 96-330 and P.L. 98-160, the VA took over from the OPM the main responsibility for approving special salary rates for employees in General Schedule health care occupations in the Department of Medicine and Surgery (DM&S).

VA completed the fourth performance appraisal period under the appraisal system mandated by the Civil Service Reform Act. Over 160,000 employees received ratings based on performance standards. In addition, implementation of the new Performance Management and Recognition System (PMRS), which replaced the old Merit Pay System, was begun. The PMRS performance appraisal period was concluded on July 31, 1985 with ratings serving as a basis for merit salary increases and cash awards. A new performance appraisal policy for the PMRS was developed. Plans are being developed to implement a new performance management system for non-PMRS employee.

OP&LR continued to provide leadership and guidance to DM&S in the conduct of wage surveys in 25 Federal Wage System areas.

The 45 onsite personnel management reviews conducted during 1985 assisted field station management in improving their overall personnel management programs. Special attention was given to reviewing for merit system compliance, special emphasis employment programs, performance management activities, and the proper classification of positions by field station management.

We continued to provide Agency-level direction to the position management and classification program including support and guidance on implementing the GS/GM 11-15 position management initiative.

Almost 1100 executives and managers received training through the 26 sessions conducted by our Executive Training Center (ETC). This included 60 executives and managers who participated in Leadership VA. In addition, approximately 400 field station employees attended a series of special courses on personnel management conducted or coordinated by the ETC.

We, along with other VA elements, have continued to work on the project to redesign the VA's personnel and payroll system (PAID). During 1985, project development activities concentrated on identification of system functions and the design configuration for the new system.

FY 1985 marked the sixth anniversary of the Senior Executive Service (SES) and during the year, the VA continued to refine the policies and procedures governing SES operations. Two hundred and eighty-eight Senior Executives and Title 38 equivalents were rated and 100 were granted performance awards.

The VA continued to report to OPM on outplacement efforts related to reduction-in-force actions in the VA and to the Federal Government Service Task Force on the extent and impact of any VA reductions-in-force. Most of the VA's small number of reduction-in-force actions stemmed from loss of funding for individual research projects. Since February 1985, we have been administering three special outplacement programs resulting from the closing of facilities and consolidation of activities within the Office of Data Management & Telecommunication (ODM&T), transfer of Prosthetics functions, and reductions in the DM&S Medical Administration and Miscellaneous Operating Expense (MAMOE) appropriation. Target goals for Prosthetics and MAMOE were met through successful outplacement of nearly all affected employees.

A completely revised agency grievance policy was implemented. The new policy should significantly reduce travel costs and the time required to process grievances.

OFFICE OF EQUAL OPPORTUNITY
PROGRAM DESCRIPTION

The Office of Equal Opportunity (OEO) is headed by a Director who is responsible for advising the Administrator of Veterans Affairs, through the Deputy Administrator, on all matters concerning the Agency's Equal Opportunity Programs. The OEO administers the Equal Employment Opportunity and Civil Rights Programs for the Veterans Administration.

The Office of Equal Opportunity is the Agency's authority on EEO and external Civil Rights Programs and within the scope of these programs:

1. Develops Agency plans, policies and procedures;
2. Provides advice to the departments and staff offices;
3. Maintains coordinative and liaison functions with Federal Agencies, minority organizations and veterans organizations;
4. Provides oversight function to ensure nondiscrimination and affirmative action for programs focused on disabled veterans, racial and ethnic minorities, women and handicapped persons;
5. Administers the Agency's discrimination complaints processing system.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	P.L. 99-160 With Adj. 2/	P.L. 99-177 Adj. 3/	Current Estimate	Current Est. vs. Budget
Average Employment	33	32	- 1	31	- 2
Funding:					
Personal Services	$1,320	$1,300	$-60	$1,240	$-80
Travel	83	64	...	64	-19
Rents, Comm, & Utilities	10	10	...	10	...
Printing & Reproduction	...	...	...	...	...
Other Services	10	10	...	10	...
Supplies & Materials	3	3	...	3	...
Equipment	2	2	...	2	...
Total Obligations	$1,428	$1,389	$-60	$1,329	$-99

1/ President's Budget Request as amended.
2/ Adjusted for Congressional and current year re-estimate.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

Funding of $1,329,000 and average employment of 31 is required. This represents a $99,000 and 2 FTEE reduction below the 1986 budget estimate. The lower level of funding and personnel will enable OEO to provide a maintenance level of affirmative action initiative and to avoid increases in the size of the inventory of discrimination complaints in process.

The sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 will require personnel reductions as well as nonpayroll limitations. A freeze on hiring will be utilized to achieve the savings required in the payroll portion of the budget.

SUMMARY OF BUDGET REQUEST

Funding of $1,426,000 with average employment of 32 is requested to maintain and support the OEO. Average employment will be reduced by 1 FTEE and proposed funding overall will remain constant. The requested funding and employee level will enable OEO to provide a maintenance level of affirmative action initiatives and to continue a modest but steady decline in the inventory of discrimination complaints in process.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase(+) Decrease(-)
Average Employment					
Discrimination Complaints Service	18	18	17	18	+ 1
All Other	17	14	14	14	....
Total	35	32	31	32	+ 1
Obligations					
Personal Services	$1,371	$1,320	1,240	$1,338	$+ 98
Travel & Transportation of Persons	54	83	64	63	- 1
Rents, Communications and Utilities	17	10	10	2	- 8
Other Services	462	10	10	15	+ 5
Supplies and Materials.	8	3	3	6	+ 3
Equipment	12	2	2	2	....
Total Obligations	$1,924	$1,428	$1,329	$1,426	+ 97

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Current Estimate	1987 Estimates	Increase(+) Decrease(-)
Personal Services	$1,371	$1,240	$1,338	$+ 98

Personal services provides funding for employee salaries including fringe benefits paid by the government, such as retirement, life insurance, and health benefits.

	1985 Actual	1986 Current Estimate	1987 Estimates	Increase(+) Decrease(-)
Travel				
Employee Travel	$ 54	$ 64	$ 63	$- 1
GSA Rental				
Total	$ 54	$ 64	$ 63	$- 1

Travel funds will be used primarily for investigations of discrimination complaints and for the training of EEO counselors in efforts to resolve complaint matters informally.

Rents, Communications and Utilities ...$	17	$ ±10	$ 2	$- 8

These funds are used to pay costs of leasing word processor with service contracts and for acquiring other related items as appropriate.

Other Services ....$	462	$ 10	$ 15	$+ 5

Funds are to be used to support minority recruitment efforts, and to provide special training for OEO employees to enhance skills needed for improved efficiency.

Supplies and Materials ......$	8	$ 3	$ 6	$+ 3

These costs reflect non-stock administrative supplies and special supply items.

Equipment ....$	12	$ 2	$ 2	....

Estimated costs are for replacement of equipment and furniture.

ASSOCIATE DEPUTY ADMINISTRATOR FOR CONGRESSIONAL AND INTERGOVERNMENTAL AFFAIRS

PROGRAM DESCRIPTION

On September 25, 1981, the Administrator of Veterans Affairs created a staff office to coordinate the Agency's congressional affairs activities. The staff was known as the Office of Congressional Affairs. Beginning October 1, 1983, the staff acquired the additional responsibility of coordinating the Agency's intergovernmental affairs activities in accordance with Executive Order 12372, "Intergovernmental Review of Federal Programs." The programs of these areas of responsibilities are administered by the Associate Deputy Administrator (ADA) for Congressional and Intergovernmental Affairs who reports directly to the Deputy Administrator. The Director of Congressional Affairs and the Director of Intergovernmental Affairs report directly to the ADA for Congressional and Intergovernmental Affairs.

The ADA is responsible to the Administrator and Deputy Administrator for direct liaison with Congressional, Federal, state and local government officials on VA issues. The ADA represents the Administrator and Deputy Administrator at functions in which congressional members or state and local officials will be present and discusses sensitive and controversial issues facing the VA. The ADA is responsible for executive direction of the programs of the Congressional Affairs staff and the Intergovernmental Affairs staff described in the following paragraphs.

The goal of the Congressional Affairs staff is to establish and maintain a positive working relationship between the Veterans Administration (VA) and the United States Congress. It represents the Agency's views in accordance with the Administration's policies and in the best interest of our Nation's veterans. In this regard, the staff office is the advisor to the Administrator and the Deputy Administrator, through the ADA for Congressional and Intergovernmental Affairs and top executive staff concerning policy, program and legislation pertinent to key Congressional offices and committees. Additionally, this staff handles veteran constituent casework for individual Members of Congress. It is the responsibility of the Congressional Liaison Service to personally assist Congressional Members and their staffs in the event veterans solicit assistance from their elected officials to intercede on their behalf in resolution of difficulties with the VA.

The primary role of the Intergovernmental Affairs staff is to serve as a liaison between Federal, state, and local government interests and Agency viewpoints by promoting a common understanding of various veteran-related issues. Liaison is established and maintained with Federal, state, and local officials and organizations to provide the opportunity for these groups to express their views and to participate in initial decision-making processes of the Agency. Liaison is also maintained with VA departments and staff offices to disseminate the Agency viewpoint back to the state and related groups. The Intergovernmental Affairs staff is charged with the responsibility to insure Agency awareness of Federal regulations and directives affecting intergovernmental affairs activities and those initiatives falling within the scope of Executive Order 12372. The Office of Intergovernmental Affairs also serves as an advisor to the Administrator and Deputy Administrator, through the ADA, as well as advisor to other executives and staff concerning the Agency's intergovernmental affairs programs.

A high standard of performance is required by the Office of the Associate Deputy Administrator for Congressional and Intergovernmental Affairs. The Administrator and top-level officials depend upon all units of the office for accurate assessment of the atmosphere in these two extremely important areas with which the VA must coordinate and work.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	P.L. 99-160 with adj. 2/	P.L. 99-170 adj. 3/	Current Estimate	Current Estimate vs. Budget
Average Employment . . .	27	27	- 1	26	- 1
Funding:					
Personal Services . . .	$ 999	$1,141	$- 52	$1,089	$+ 90
Travel	10	10	...	10	...
Rents, Communications and Utilities	11	31	...	31	+ 20
Other Services	10	21	...	21	+ 11
Supplies and Materials .	10	7	...	7	- 3
Equipment.	10	...	...	...	- 10
Total Obligations. .	$1,050	$1,210	$- 52	$1,158	$+108

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

NARRATIVE EXPLANATION

The sequestration of $52,000 pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 will require personnel reductions for OCIA. A freeze on hiring will be imposed in order to achieve this reduction in the payroll portion of the budget.

SUMMARY OF BUDGET REQUEST

Total funds in the amount of $1,157,000 and an average employment of 27 FTEE are requested to support and maintain the Office of the ADA for Congressional and Intergovernmental Affairs for 1987.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment. . . .	27	27	26	27	+ 1
Obligations:					
Personal Services	$1,134	$ 999	$1,089	$1,089	...
Travel.	9	10	10	10	...
Rents, Communications and Utilities	...	11	31	28	- 3
Other Services.	9	10	21	18	- 3
Supplies and Materials. .	9	10	7	12	+ 5
Equipment	14	10	...	...	...
Total Obligations	$1,175	$1,050	$1,158	$1,157	$- 1

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services . . .	$1,134	$1,089	$ 1,089	...

Personal Services funds are required to support employee salaries including benefits paid by the Government.

Travel

Employee	$ 9	$ 10	$ 10	...

These funds are necessary to support the travel required by the ADA for Congressional and Intergovernmental Affairs, the Director, Congressional Affairs, Director, Intergovernmental Affairs, and subordinate staff members. The type of travel involved includes facility dedications, national service organization meetings, congressional field hearings, professional development, and program-related conferences.

Rents, Communications, and Utilities	...	$ 31	$ 28	$ - 3

Funds are necessary for the continued lease of ADP equipment which is part of the office automation initiative for OCIA.

Other Services	$ 9	$ 21	$ 18	$ - 3

Management and technical training, repair of furniture and equipment, purchase of maintenance service contracts for Government-owned equipment and continued access into a legislative timesharing service will be supported by these funds.

Supplies and Materials . .	$ 9	$ 7	$ 12	$ + 5

Funds are required for miscellaneous nonstock administrative supplies and materials. The increase reflects inflation costs plus the fact that a new Congress will commence during the fiscal year, as well as the fact that there will be many newly elected state and local offcials, which requires the office to purchase necessary reference publications in order to accomplish the mission of the office.

Equipment	$ 14	...	...	...

It is anticipated that no equipment funds will be necessary for 1987.

ASSOCIATE DEPUTY ADMINISTRATOR FOR PUBLIC AND CONSUMER AFFAIRS

PROGRAM DESCRIPTION

The Associate Deputy Administrator for Public and Consumer Affairs is a staff component of the Administrator's office for providing news media services, public and consumer affairs policy guidance to other Agency management elements and operating departments in the conduct of activities to create awareness of Veterans Administration(VA) programs and services and responsibilities.

The primary mission of the Office is to provide the nation's veterans and their eligible dependents and survivors information through news media concerning available Agency benefits and programs. The Office also implements the VA consumer program which assures consumer representation in Agency decision making. Through the preparation and dissemination of various communications materials, the Office provides essential information on eligibility and operations to a variety of publics. Maintains close liaison with media representatives and monitors press and broadcast news activity. It provides responses to inquiries from members of the public, Congress and organizations seeking access to data and information about Agency operations and performance. The Office provides assessments of public and consumer affairs issues to the Administrator and his staff and assists VA field facilities in the formulation and execution of community affairs programs. The total program is designed to provide the Agency with the means by which program objectives can be achieved through supportive communication activities.

With personnel in Central Office and at various field offices, the Office provides an array of public information and professional communications media services. These include news and feature releases, benefits fact sheets, statistical summaries, radio and television materials, magazine articles, speeches and official statements. Other activities include answering inquiries in-person, by telephone and through correspondence from media, Congressional offices, veterans organizations and the general public. The Office also provides advice to the Administrator and department and staff office heads concerning public interest and reaction regarding VA policies and programs.

The Consumer Affairs Staff monitors Agency compliance with E.O. 12160 on Federal consumer programs and coordinates departmental efforts to encourage consumer feedback about Agency services. Data on consumer concerns are assembled to assist management in evaluating the effectiveness of its programs. The Consumer Affairs Staff also ensures Agency compliance with P. L. 92-463 on Federal advisory committees.

Office of Public and Consumer Affairs field personnel extend the flow of information helpful to veterans to local and regional levels by localizing and distributing centrally produced print and electronic media materials, originating similar materials adapted to the areas they serve, and advising the field staffs of VA regional offices, medical centers and cemeteries.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate 1/	Current Estimate			Current Est. vs Budget
		P.L. 99-160 with Adj. 2/	PL 99-177 Adjustment 3/	Current Estimate	
Average Employment	55	55	...	55	...
Funding:					
Personal Services..........	$2,272	$2,292	$...	$2,292	+$20
Travel.....................	90	90	-34	56	-34
Transportation of Things...	4	2	...	2	-2
Rents, Communications and Utilities............	225	261	-44	217	-8
Other Services.............	180	108	-40	68	-112
Supplies and Materials................	45	23	...	23	-22
Equipment..................	10	4	...	4	-6
Total Obligations	$2,826	$2,780	-$118	$2,662	-$164

The sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 will require a reduction in Travel for our field organization outreach programs to veterans and public affairs for all VA operations. The reduction in Rents, Communications, and Utilities would delay by at least six months completion of our office automation program, the decrease in Other Services would eliminate two of three projected regional Collateral Duty Public Affairs Officer Training Sessions. This program provides training needed by VA field activities' staffs.

The FY 1986 appropriation decreased the offices' funding by $190,000 and 2 FTEE from the 1986 Presidents' Budget Request. However, 2 FTEE and $100,000 were received from Department of Memorial Affairs and $44,000 for reimbursements from Department of Defense is reflected in Current Estimate figures. It was determined by the VA Administrator that these two positions belong in the Office of Public and Consumer Affairs budget, due to participation in planning for events like Veterans Day. The DOD Reimbursement is for production of a veterans benefits tape for military separation centers.

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

SUMMARY OF BUDGET REQUEST

The request for 1987 covers activities of the Office of Public and Consumer Affairs to include central office and 4 field offices - Chicago, Dallas, Los Angeles, and New York. The budget provides for employment of 54 and funding of $3,017,000.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment					
Central Office............	30	38	36	35	-1
Field.....................	18	17	19	19	...
Total..................	48	55	55	54	-1
Obligations:					
Personal Services..........	$2,071	$2,272	$2,292	$2,471	$+179
Travel......................	54	90	56	68	+12
Transportation of Things...	7	4	2	4	+2
Rents, Communications and Utilities............	152	225	217	101	-116
Other Services.............	92	180	68	198	+130
Supplies and Materials................	36	45	23	50	+27
Equipment..................	8	10	4	125	+121
Total Obligations	$2,420	$2,826	$2,662	$3,017	$+355
Reimbursements	...	...	-44	...	
Budget Authority	$2,420	$2,826	$2,618	$3,017	

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services..........	$2,071	$2,292	$2,471	$+179

Increased Personal Services in 1987 reflects WIG's, terminal leave, higher retirement and stable ble FTEE with higher average salary. The decrease of 1 FTEE brings staffing in line with available resources.

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Travel				
Employee Travel........	$54	$54	$66	$+12
GSA Rental.............		2	2	...
Total	$54	$56	$68	$+12

These funds provide for visits by personnel to establish and maintain local representatives of news media, veterans service organizations, VA facilities and other agencies, and for the Central Office staff for field activity management and oversight. The increase of funds will go to our field organization for out reach programs to Veterans and public affairs support for DM&S, DMA, & DVB field offices.

Transportation of Things..	$7	$2	$4	+2

These funds are to provide for the estimated cost of the shipment of household goods and personal effects incurred in the change of duty stations.

Rents, Communications and Utilities.........	$152	$217	$101	$-116

These funds for word and information processing equipment rental provide an office communication system with applications in public information, media liaison, issues analysis, consumer affairs and public affairs support of the Agency's mission, goals and objectives. The 1987 decrease is due to purchase of Wang Office automation equipment in 1987 and cancellation of leased Lanier equipment.

Other Services..........	$92	$68	$198	$+130

Funds requested provide capability to produce several series of nationally distributed radio public service announcements detailing specific benefit or outreach subjects. This continues a VA policy of relying on time donated by the electronic media to communicate with VA clientele via the most effective news medium. Funds are also committed for the VA share of publishing the Federal Consumers Resource Handbook and other miscellaneous contractual services. Increases in 1987 provide funds for training new staff and current staff personnel to maximimize the professional abilities; marketing services of special events; mailing lists for major, local and specialized media contacts to assist in informing veterans of their benefits.

Supplies and Materials...	$36	$23	$50	$+27

This amount provides for newspapers and periodicals, recording studio and miscellaneous office supplies. Increases in 1987 provide for the higher cost of the above mentioned items and support for the established regional facilities, which no longer rely on the local Regional office or Medical Center.

Equipment................	$8	$4	$125	$+121

This is for replacement of office equipment and furniture meeting replacement use standards, and for upgrading the technological capability of the Office to meet its responsibilities. The increase in 1987 is to purchase Wang office automation equipment which will reduce rental cost for equipment each year by the amount indicated above in Rents, Communications, and Utilities.

ASSOCIATE DEPUTY ADMINISTRATOR

FOR MANAGEMENT

PROGRAM DESCRIPTION

The Administrator of Veterans Affairs established the position of Associate Deputy Administrator (ADA) for Management on December 16, 1985, to improve integration and coordination of the Agency's management and productivity improvement programs. To establish the position, the functions and responsibilities of the former position of Associate Deputy Administrator for Information Resources Management (ADA/IRM) were revised and expanded and the position redesignated as the Associate Deputy Administrator for Management. The Office of Data Management and Telecommunications, the Office of Information Management and Statistics and the Management Control Staff, which previously reported to the ADA/IRM, now report to the ADA for Management. In addition, the Office of Program Planning and Evaluation was redesignated as the Office of Program Analysis and Evaluation and assigned as a staff office which reports to the ADA for Management. The ADA for Management provides executive direction to these staff offices to ensure the provision of essential support services to VA Departments, ADAs and Staff Offices and to facilitate accomplishment of the Administrator's goals and objectives as they relate to management activities to ensure efficient and effective service to veterans and their families.

The ADA for Management, who reports to the Deputy Administrator, is responsible for coordination and integration of the VA's management and productivity improvement programs; for VA implementation of the Paperwork Reduction Act of 1980; for Agency-wide ADP/telecommunications policy, planning and data integration; and for the additional management functions of internal controls, statistical collection and analyses, mail and travel management, Major Systems Acquisition programs, information systems, records management, Agency reports and VA regulations. The ADA for Management also provides independent review, analysis, evaluation and oversight of Agency programs, policies and program execution as directed by the Administrator or Deputy Administrator or as requested by Department Heads, other ADAs and Staff Office Directors for program areas in their jurisdictions. The ADA for Management monitors and coordinates the Agency ADP and Telecommunications Modernization program.

Consonant with the Administrator's establishment of an ADA for Management as a single focus for integration and coordination of all Agency management and productivity improvement programs, the Administrator also transferred management of Agency-wide implementation of OMB Circular A-76 from the Associate Deputy Administrator for Logistics to the ADA for Management. The transfer of coordination of the A-76 function to the ADA for Management reflects the fact that productivity management is more a multi-disciplinary management concern than solely a contracting out or procurement function.

The ADA for Management's 1987 budget also reflects the establishment of a facility programs analysis unit in the office of the ADA. In assigning program-level oversight to the new Office of the ADA for Management, the Administrator specifically directed that, upon the planned transfer of the VA's Office of Construction to the Department of Medicine and Surgery, the ADA for Management would provide independent program-level oversight of the VA's facility programs. The ADA for Management's facility programs oversight will replace the previous construction oversight functions performed by the Office of Construction. In carrying out this function, the ADA for Management will assist the Administrator, Deputy Administrator and the Chief Medical Director to ensure the compliance and consistency of the VA's facility programs with Agency standards, policies and guidance. To support the ADA for Management in fulfilling this specific oversight function, a facility programs analysis unit, staffed by 10 FTEE to be transferred from the Office of Construction, is reflected in the 1987 budget.

The incumbent serves as the Agency representative on the President's Council on Management Improvement and other senior level policy groups that may be established relative to Government-wide management improvement initiatives.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST

(dollars in thousands)

	Budget Estimate 1/	Current Estimate			Current Est. vs. Budget
		P.L. 99-160 with adj. 2/	P.L. 99-177 adj. 3/	Current Estimate	
Average Employment	9	8	- 1	7	- 2
Funding:					
Personal Services	$457	$431	$ -19	$412	$ - 45
Travel	7	7	...	7	...
Other Services	8	8	...	8	...
Supplies and Materials	5	5	...	5	...
Total Obligations	$477	$451	$ -19	$432	$ - 45

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

Narrative Explanation

Current staffing patterns for 1986 in the Office of the ADA for Management reflect sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985.

SUMMARY OF BUDGET REQUEST

An average employment level of 18 with associated total funds of $923,000 are requested to support the Office of the ADA for Management in 1987. The increase of staff and Budget Authority from 1986 to 1987 reflects the transfer of 10 FTEE and $403,000 from the Office of Construction to the ADA for Management for the facilities program oversight function.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS

(dollars in thousands)

	1985 Actual	1986		1987 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Average Employment	8	9	7	18	+11
Obligations					
Personal Services	$420	$457	$412	$847	$+435
Travel	2	7	7	13	+ 6
Other Services	163	8	8	58	+50
Supplies and Materials	2	5	5	5	...
Total Obligations	$587	$477	$432	$923	$+491
Reimbursement	-73	...	...	...	...
Total Budget Authority	$514	$477	$432	$923	$+491

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services.............	$420	$412	$847	$+435

Estimated requirements cover the entire Office of the ADA for Management as described in the program description. Increased Personal Services reflect the transfer of 10 FTEE from the Office of Construction to the ADA for Management for the facilities program oversight function. One additional FTEE shown in 1987 reflects full year staffing of the office of the ADA for Management.

Travel

	1985 Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Employee Travel.........	$2	$7	$13	$+ 6
GSA Rental..............	...	...	...	...
Total.................	$2	$7	$13	$+ 6

A total estimate of $13,000 is requested for 1987. These funds are necessary for performance of travel required by the Office of the ADA for Management, including field station visits, facility dedications, national service organization meetings, professional development and public affairs responsibilities. Additional travel funds reflect higher requirements of the Office of the ADA for Management as well as funds transferred from the Office of Construction which will support the new oversight functions assigned to the Office of the ADA for Management.

	1985 Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Other Services...............	$163	$8	$58	$+50

Included in this item are funds for consultant fees, seminars, conferences and training. The increase is requested so that funds may be available for use on contracts to perform management analysis and studies as needed.

	1985 Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Supplies and Materials.......	$2	$5	$5	$...

These funds will provide for miscellaneous non-stock office supplies and other materials for the ADA for Management's office and for necessary supplies for staff meetings, briefings, and top management training programs.

OFFICE OF DATA MANAGEMENT AND TELECOMMUNICATIONS

PROGRAM DESCRIPTION

The Office of Data Management and Telecommunications (ODM&T) which reports to the Associate Deputy Administrator for Management is the largest staff office in the Veterans Administration. The Director of ODM&T also serves as principal advisor to the Associate Deputy Administrator for Management (ADA/M) and the Administrator on automated data processing (ADP) and telecommunications policies and procedures.

The mission of ODM&T is to provide a complete range of ADP and telecommunications services to all departments and staff offices of the Veterans Administration, and to support and implement the Administrator's Modernization Goal.

ADP services include (1) technical assistance and programming support to users in analyzing, designing, developing, testing, converting, installing and maintaining new computer applications and in modifying on-going applications; (2) operational support for on-going computer systems; (3) training for the users and the ADP staffs; (4) equipment planning and acquisition; (5) development of systems software and operating systems; (6) development of standards for systems design and programming design; (7) operation of the data processing centers; (8) Agency long-range ADP planning; and (9) special studies of state-of-the-art computer applications and systems.

The telecommunications function provides VA-wide long-range planning, technical management and support for telecommunications systems, including telephone systems, teletype systems, hospital communications systems (nurse call, radio paging, closed circuit TV, etc.), data transmission systems and operation of the Veterans Administration Data Transmission System (VADATS).

Currently, services are provided by a staff and computer facilities in VA Central Office, Washington, D. C. and three data processing centers (DPCs) located at Austin, TX; Hines, IL; and Philadelphia, PA.

All of the consolidated nationwide computer processing and most of the computer programming are performed at these centers. Each center is equipped and staffed according to services rendered, which range from providing ADP support on a local, regional or area basis to providing centralized processing on a VA-wide basis.

As of December 31, 1985, the DPCs were operating a total of 24 computers. The computers range in size from minicomputers to large scale systems. Some are operated as single computers dedicated to a single program, while others are interfaced to permit sharing of storage media and other peripherals.

The users' ADP responsibilities are generally oriented toward identifying functional specifications for proposed systems -- the "what to be accomplished" phase of ADP. ODM&T develops, designs, programs, installs, and operates the systems according to those user specifications -- the "how to" in ADP accomplishment. Users are assuming increasingly active roles in employing ADP technology as evidenced by the responsibilities delegated by the Administrator to the Chief Medical Director (CMD) for management and control of the Decentralized Hospital Computer Program (DHCP). As part of the Department of Veterans Benefits (DVB) modernization program, responsibility for the development and maintenance of DVB computer systems is to be transferred from ODM&T to DVB in 1987. ODM&T has established an Information Technology Center to assist users in developing computer literacy and advanced skills for use with end user technology.

ODM&T provides users with the technical assistance and programming support to:

1. Conduct studies of their activities to determine automation potential and feasibility;
2. Evaluate the capability of new and existing equipment required to accomplish objectives;
3. Design and develop ADP systems for those areas determined to be feasible for automation;
4. Test, convert and install ADP systems;
5. Provide programming support for maintenance of on-going systems;
6. Audit and certify all computer programs;
7. Provide computer literacy and advanced user training for the employment of end user computing; and
8. Ensure adequacy of controls and ADP systems security.

CHANGES FROM ORIGINAL 1986 BUDGET ESTIMATES
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	P.L. 99-160 with adj. 2/	P.L. 99-177 adj. 3/	Current Estimate	Current Est. vs. Budget
Average Employment					
Total Average Employment.........	1,744	1,711	...	1,711	- 33
Common Services Adjustment.........	- 397	- 397	...	- 397	...
Net Aver. Employment	1,347	1,314	...	1,314	- 33
Obligations					
Personal Services...........	$56,661	$55,249	$- 250	$54,999	$- 1,622
Travel...............	1,069	1,063	- 250	813	- 256
Transportation of Things.............	804	285	...	285	- 519
Rents, Communications and Utilities......	35,457	32,311	- 895	31,416	- 4,041
Printing and Reproduction.......	1,709	1,411	- 200	1,211	- 498
Other Services.......	13,922	11,381	-1,330	10,051	- 3,871
Supplies and Materials..........	4,389	2,960	- 450	2,510	- 1,879
Equipment............	732	1,373	...	1,373	+ 641
TOTAL OBLIGATIONS (Jurisdictional).....	114,743	106,033	-3,375	102,658	-12,085
Common Services Adjustment.........	-11,155	-11,218	...	-11,218	- 63
TOTAL OBLIGATIONS (Net)................	103,588	94,815	-3,375	91,440	-12,148
Reimbursements.......	-16,332	-16,332	...	-16,332	...
BUDGET AUTHORITY.......	$87,256	$78,483	$-3,375	$75,108	$-12,148

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

P.L. 99-160 with adjustments reflects reductions in personal services and transportation of things to cover a decrease of 33 average employment. Decreases in lease of computer equipment reflect a delay in acquiring Austin replacement enhancement equipment planned in 1986. Funding for all contract support for application development was reduced to a thirty percent level with the exception of VADATS. Additional reductions were taken in printing and reproduction and supplies and materials.

P.L. 99-177 adjustments reflect reductions made in office/operating supplies and tape/disk media which will reduce inventories to a minimum level. Travel associated with training, conferences and technical assistance reviews is being curtailed. Funding for all contract support for application development has been eliminated with the exception of VADATS. Lease and maintenance costs of computer equipment have been reduced below current services level by evaluating the ADP inventory to determine which components could be released and using wherever possible on-call maintenance on owned equipment.

The sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 may require personnel reductions as well as nonpayroll limitations. A freeze on hiring may be utilized to achieve the savings required in the payroll portion of the budget.

SUMMARY OF BUDGET REQUEST

A request for 1,269 average employment is projected in 1987 to carry out the functions of ODM&T; this is 442 less than the 1986 estimate. Funding in the amount of $68,369,000 is requested; this is $6,739,000 less than the 1986 estimate. This budget reflects a transfer of 362 average employment and $13,169,000 to DVB and a decrease of 80 average employment associated with management initiatives. Efffectively, this budget requests funding and staffing level required to maintain the current services level of operational support, adjusted for inflation, plus $1,502,000 for continued contractor support in the Personnel Accounting and Integrated Data System (PAID) Redesign, and $5,606,000, most of which is recovered from the users, for competition and award of a contract for the new Integrated Data Communications Utility (IDCU), formerly VADATS. While this new system is being installed, VADATS service must continue; therefore, parallel operating costs, as well as new start-up costs, will be incurred. The system will support multiple protocols and provide the capability of host to host or terminal to host connectivity between users. This capability will greatly enhance VA's ability to employ automation and will reduce reliance on FTS and dedicated lines as a means of data transport.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment					
Total Average Employment.........	1,841	1,744	1,711	1,269	- 442
Common Services Adjustment.........	- 397	- 397	- 397	- 397	...
Net Aver. Employment	1,444	1,347	1,314	872	- 442
Obligations					
Personal Services...........	$56,947	$56,661	$54,999	$39,837	$-15,162
Travel...............	752	1,069	813	787	- 26
Transportation of Things.............	182	804	285	198	- 87
Rents, Communications and Utilities......	25,332	35,457	31,416	37,046	+ 5,630
Printing and Reproduction.......	1,217	1,709	1,211	1,363	+ 152
Other Services.......	14,925	13,922	10,051	15,860	+ 5,809
Supplies and Materials..........	3,972	4,389	2,510	4,225	+ 1,715
Equipment............	4,419	732	1,373	1,500	+ 127
TOTAL OBLIGATIONS (Jurisdictional).....	107,746	114,743	102,658	100,816	- 1,842
Common Services Adjustment.........	-11,151	-11,155	-11,218	-11,161	+ 57
TOTAL OBLIGATIONS (Net)...............	96,595	103,588	91,440	89,655	- 1,785
Reimbursements.......	-13,550	-16,332	-16,332	-21,286	- 4,954
BUDGET AUTHORITY.......	$83,045	$87,256	$75,108	$68,369	$- 6,739

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

Average Employment and Personal Services

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment...	1,841	1,711	1,269	- 442
Personal Services....	$56,947	$54,999	$39,837	$-15,162

Employment in ODM&T falls into four broad categories: "ADP Management and Operations Support", "ADP Systems Development", "ADP Systems Maintenance", and "Telecommunications". The average employment for these categories is as follows:

ADP Management and Operations Support FTEE	907	814	715	- 99
ADP Systems Development FTEE	405	390	174	- 216
ADP Systems Maintenance FTEE	354	349	222	- 127
Telecommunications FTEE	175	158	158	...

ADP Management and Operations Support employment is used to provide the departments and staff offices in the Veterans Administration with operational support for their automated systems. Also included are the management functions within ODM&T. Employees engaged in these activities consist of the Director, ODM&T; DPC directors; organizational directors; directors' immediate staffs; administrative support personnel; and computer operations personnel (computer operators, keypunch operators and analysis and control personnel).

ADP systems employment provides user departments and staff offices with ADP technical assistance and programming support. Employees engaged in systems activities are primarily systems analysts, computer programmers, systems auditors and their clerical support staff. Those assigned to development are engaged in developing and installing new computer programs, including redesign and major rewrite; those assigned to maintenance are engaged in maintenance of on-going computer systems.

Telecommunications employment provides VA-wide technical management and support for telecommunications systems, including operation of the VA Data Transmission System.

The decreases in 1987 are attributable to:

DVB Modernization - Transfer to DVB - Operations Support	19
DVB Modernization - Transfer to DVB - Systems Support	343
Management Initatives - Operations Support	80

Travel

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Employee	$ 728	$ 788	$ 755	$- 33
GSA Rental...........	24	25	32	+ 7
TOTAL..............	$ 752	$ 813	$ 787	$- 26

Employee Travel cost represents estimated funding for travel associated with ADP training, and travel needed by the technical assistance personnel in providing the ADP user departments with the technical help requested. Also included are travel requirements by the telecommunications personnel in servicing the Agency's field stations, travel for supervisory visits to data processing centers and travel in connection with permanent transfer of employees.

Transportation of Things

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Shipment of Household Goods..............	$ 76	$ 106	$ 82	$- 24
Other Shipments......	106	179	116	- 63
TOTAL..............	$ 182	$ 285	$ 198	$- 87

Shipment of Household Goods is for costs incurred by employees in the transportation of their furniture in moving from one location to another on permanent assignment at the convenience of the government. The increased funding in 1986 is required to ship household goods for relocated employees and to ship computer systems, office furniture and office equipment to other ODM&T facilities. These one-time costs have been deleted in 1987.

Other Shipments costs consist of expenses in conjunction with the shipment of computers and components, magnetic tape, tabulating cards and paper, and miscellaneous equipment and supplies.

Rents, Communications and Utilities

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Lease of Computer Equipment..........	$11,045	$13,533	$14,642	$+1,109
Mail Costs...........	4,622	4,272	5,234	+ 962
FTS Costs............	1,001	858	894	+ 36
Other Communications and Data Transmission Costs.....	3,838	8,837	11,716	+2,879
RENT.................	2,814	2,168	2,321	+ 153
Other Rental.........	2,012	1,748	2,239	+ 491
TOTAL..............	$25,332	$31,416	$37,046	$+5,630

A. Lease of Computer Equipment

Computer lease costs apply to computer systems, printers, electronic printing systems, office automation systems, tape subsystems, disk subsystems and miscellaneous peripheral devices at the data processing centers. Increased vendor charges account for the increase in 1987.

B. Other Rents, Communications and Utilities

Mail Costs are projected on the basis of periodic samplings of actual volume handled, along with estimates of additional volume. Charges are established by the Postal Service. It is anticipated that there will not be a rate increase and our volume will increase slightly in 1987. In addition, funding has been transferred from DVB to provide for additional mailing which will be made by the Austin DPC due to closing the Los Angeles DPC. At the Los Angeles DPC mail was handled by the DVB Regional Office and thus funded by that office.

FTS communication services are provided by the General Services Administration (GSA). Charges are based on rates prescribed by GSA and funds are projected accordingly.

Other Communications and Data Transmission Costs are for TYMNET costs associated with VADATS, and leased lines and communication equipment used principally to transmit data between the DPCs. Included is the rental of commercial telephone equipment and associated use charges. Increases in 1987 are due to inflation applied to the TYMNET contract and start-up costs and parallel operating costs associated with the IDCU procurement, which is a replacement for the current VADATS.

RENT consists of costs to reimburse GSA for space occupied by our DPCs and MSC. Rates vary according to the quality rating of the building, the type of space required and the geographic location of the DPCs and MSC. Closing the DPCs in Los Angeles and St. Paul created savings in this area; however, GSA has advised that costs for Austin will almost double in 1987.

Other Rental funds are for lease of proprietary software, commercial space, office machines, electrical accounting machines, word processors, photocopy machines, microfilming and other miscellaneous rental requirements. The increase in 1987 is attributable to increased rental costs for the items. It should be noted that in previous years, lease of proprietary software was under "Other Services", but an accounting change effective October 1, 1984 places this lease under "Rents, Communications and Utilities".

Printing and Reproduction

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Special Cards and Paper.......	$ 875	$ 897	$ 912	$+ 15
Other Printing and Reproduction....	342	314	451	+ 137
TOTAL.........	$1,217	$ 1,211	$ 1,363	$+ 152

Special Cards and Paper consist of tabulating cards and paper that are not commercially available as standard items and must be printed to VA specifications. Almost half of the cards and paper used for data processing in the Veterans Administration fall into this category. Inflation accounts for the increase in 1987.

Other Printing and Reproduction includes costs for forms and form letters, printed envelopes and reproduction costs for administrative issues and manuals issued by ODM&T. Inflation and special printing and reproduction costs associated with the PAID Redesign account for the increase in 1987.

Other Services

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Maintenance of Owned Equipment	$ 4,421	$ 3,510	$ 3,574	$+ 64
Outside Computer Services.......	1,740	1,797	4,965	+3,168
Training.........	778	685	735	+ 50
Software (Contract)	4,663	1,208	3,471	+2,263
GSA Special Service Charges........	1,988	1,599	1,715	+ 116
Miscellaneous....	1,335	1,252	1,400	+ 148
TOTAL..........	$14,925	$10,051	$15,860	$+5,809

Maintenance costs for owned automatic data processing equipment are based on contracts that are negotiated each year with firms providing this service. Increased charges from the vendors cause an increase.

Outside Computer Services provide for rental of computer time to process overload work conditions, to provide vendor contracts for data entry services when the volume precludes in-house processing and facilities management contracts in operational areas. Part of the increase is attributable to inflation, but the major portion of the increase is due to contracting the services which were previously performed by Federal employees.

Training costs are for certain ADP training for the VA that is arranged for and funded by ODM&T. This includes training that an ADP user department or office may require in connection with the design and development of new systems. Also included are funds for the Executive Development Program.

Software contract projections are consistent with the need for this type of service when available sources in-house are insufficient. Funding is requested for contractor assistance in continuing contractor support in the Personnel Accounting and Integrated Data System (PAID) Redesign and replacement of the VADATS. Funds which were budgeted for Insurance Redesign have been removed from ODM&T and transferred to DVB.

GSA Special Service Charges are for those services in excess of those provided the average tenant on an eight-hour day, five-day week. This includes the cost of special air conditioning, heating, lighting, cleaning and security service.

Miscellaneous service costs include funding for building and utility equipment maintenance, office machine maintenance contracts, first aid health services and other miscellaneous service contracts.

Supplies and Materials

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Standard Tab Cards and Paper......	$ 851	$ 1,008	$ 887	$- 121
Magnetic Tape....	578	190	602	+ 412
Software, Proprietary....	810	143	930	+ 787
Other Operating and Office Supplies	1,733	1,169	1,806	+ 637
TOTAL........	$3,972	$ 2,510	$4,225	$+1,715

Tabulating cards and pin feed paper which are not specially printed or assembled to VA specifications and are available as standard items are projected in direct relationship to the volume of workload on the computers. It is estimated that increased use of electronic printing systems and computer output microfilm will reduce the requirements for standard tab cards and paper.

Funds for magnetic tape consist of the requirements for new applications, plus the need to transfer data to new tapes from those tapes that have reached an age requiring replacement.

Funds for proprietary software are required for purchase, license fees and annual maintenance (update) fees for obtaining this software from various vendors. In addition to inflation, funds are requested to obtain proprietary software for PAID Redesign. It should be noted that in previous years purchase of proprietary software was under "Other Services", but an accounting change effective October 1, 1984, places these purchases under "Supplies and Materials".

Funds projected for other operating and office supplies are for microfilming supplies and chemicals, computer printer ribbons, reproduction paper, technical books and journals, general office supplies and items of furniture that are classed as expendable.

Equipment

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Computer/ Components.....	$3,526	$ 1,303	$1,300	- 3
Other............	893	70	200	+ 130
TOTAL.........	$4,419	$ 1,373	$1,500	$+ 127

Included in this category are purchases of magnetic tape/disk evaluators/cleaners, decollators, calculators, typewriters, magnetic tape storage racks and cabinets, telecommunications equipment, proprietary software packages costing over $100,000 and other miscellaneous operating and office equipment. Increases in 1987 are required to purchase proprietary software packages for the new IDCU contract.

HIGHLIGHTS - 1985

A. Data Management Activities

1. The Agency completed its initial cost benefit study of the Personnel Accounting and Integrated Data System (PAID) in 1985. An Agency steering committee has been established to prepare a new project plan and to provide additional project information.

2. The first two portions of Department of Memorial Affairs' (DMA) Automated Monument Application System were completed. These provide automated claims and vendor bid evaluation processing for gravesite markers. This programming action also facilitates the automation of other necessary department functions.

3. The Administrator's Project Protocol was completed, along with the cost benefit study for the Office of Administration Tracking System (OATS). The study, which began in 1985, examined the requirements and feasibility of automating 12 Office of Administration functions/areas in which manual processing exists. The cost benefit analysis report is presently being finalized.

4. The Loan Guaranty Rapid Access project has made steady progress with the completion of functional specifications for the Liquidation Claims and Portfolio Loans Systems. Programming specifications for the Property Management System (PMS) were completed; and the installation of production equipment at five regional offices commenced. Production access to the PMS system for inquiry purposes is expected in 1986.

5. The functional specifications for the redesign of the Beneficiary Identification and Records Locator Subsystem (BIRLS) were completed and approved. Work continues on developing program specifications, programming, and preparation of conversion activities for BIRLS, which is scheduled for installation in 1987.

6. Complete replacement of existing hardware and software systems at the Austin Data Processing Center has provided the capacity and tools required to support agency data integration and modernization goals. This facility now provides the resources that are prerequisite to serving interactive and end user computing needs.

B. Telecommunications Activities

1. The VA Data Transmission System (VADATS) message terminal systems are now operational, and the software has been modified to provide the first Department of Medicine and Surgery (DM&S) interface with the Department of Veterans Benefits (DVB) Benefits Delivery System for exchange of information on veterans eligibility. Over 75 facility nodes have been added to the packet telecommunications network to provide capability of supporting multiple activities and protocols in the interactive mode, as well as message traffic, over the same telecommunications network.

2. The Agency has started planning for replacement of the existing VADATS when the current contract expires in 1988. To assist in that effort, a contract has been awarded for technical assistance in identifying requirements, preparation of the proposal, and evaluation of vendor proposals and models.

3. VADATS contained message switching activities at Romney, WV and Austin, TX. By taking advantage of VADATS packet switched technology, it has been determined that only one message switching activity is required. As a result of this study, the Romney message switching was closed in 1986, resulting in savings in both cost and FTEE.

4. The Agency is in the evaluation process of 26 replacements and the expansion of three telephone systems within VA medical centers. Also, similar work is being conducted on 17 automatic call distributors for DVB regional offices. Technical assistance visits have been made to 35 medical centers and three DVB regional offices to coordinate service improvements with local telephone companies on the existing antiquated communications equipment.

5. The use of public address systems has grown in medical centers where it is necessary to provide staff, patient, and visitor notification and control, and to provide emergency evacuation communications in the event of disaster or drills. Twenty systems were contracted for as an integral part of telephone switch replacements.

6. Procurement actions were completed on Satellite Television Receive Only (TVRO) systems for staff education and patient entertainment systems. TVRO systems for patient entertainment are in high demand at medical centers which are remote from available off-air television entertainment programming. Technical and contracting assistance is provided to medical centers for acquisition of these systems.

7. A high frequency (HF) radio network was installed and tested to provide emergency backup communications between strategic locations in the event of disruption of land communications. Expansion of the network, as well as functional upgrades to add network control and automatic message delivery, is planned.

OFFICE OF INFORMATION MANAGEMENT AND STATISTICS

PROGRAM DESCRIPTION

The Director, Office of Information Management and Statistics is responsible to the Associate Deputy Administrator for Management for Agency-level management information, statistical research and paperwork management activities. The Office of Information Management and Statistics conducts a variety of information resources management programs to support departmental goals. It provides statistical data and analyses to top management for budgeting, program management, and policy formulation. It serves as the Agency's statistical consultant and research office and provides review and coordination of numerous reports to the Congress and other agencies. It administers the Agency's paperwork management program and serves as the Agency's liaison with OMB in these areas. This Office also serves as system manager for the Agency's management information system.

The Statistical Policy and Research Service provides estimates and projections of the veteran population, including socioeconomic data on their status, needs and resources; makes analyses of morbidity and mortality levels, patient stay, and immediate and long-term results of treatment using data developed from VA and non-VA health care reporting systems; analyzes data from Agency record systems to measure the impact of specific benefit programs; provides statistical consultation to program managers; provides expertise in the development of statistical research studies and the application of appropriate methods; and provides data analysis capabilities for the processing of surveys and research studies.

The Reporting Policy and Review Service formulates standards, policies, and plans pertaining to the operation of an integrated reporting system; reviews and controls all proposals to obtain information from individuals or organizations subject to the Federal Reports Act; provides for the application of ADP systems for management information; and prepares and distributes Agency-level reports to the Congress and to other agencies.

The Paperwork Management and Regulations Service establishes and coordinates VA policies and plans for the management of such information resources management activities as correspondence, forms, form letters, administrative issues (i.e., manuals, regulations and other types of directives), files, mail, office copying, records (creation, maintenance and disposition), micrographics, vital records, and employee and beneficiary travel; prepares, reviews, and processes federal register documents and maintains liaison with OMB in implementing reporting burden reduction policies and the objectives of Executive Order 12291, "Federal Regulation", and Public Law 96-511, "Paperwork Reduction Act of 1980."

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST
(dollars in thousands)

	Budget Estimate 1/	Current Estimate			Current Est. vs Budget
		P.L. 99-160 with adj. 2/	P.L. 99-177 adj. 3/	Current Estimate	
Average Employment	133	131	-5	126	-7
Funding					
Personal Services...	$4,861	$4,838	$ -152	$4,686	$- 175
Travel..............	25	20	- 11	9	- 16
Transp. of Things...	2	...	...	...	- 2
Rents, Comm. & Util.	15	15	...	15	...
Printing & Reprod...	...	...	...	...	...
Other Services......	252	1,229	- 39	1,190	+ 938
Supplies & Materials	30	20	- 4	16	- 14
Equipment...........	192	59	- 59	...	- 192
Total Obligations..	$5,377	$6,181	$ -265	$5,916	$+ 539

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

NARRATIVE EXPLANATION

The sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 will require personnel reductions as well as nonpayroll limitations. A freeze on hiring will be utilized to achieve the savings required in the payroll portion of the budget. The nonpayroll limitations have required the elimination of funds for the installation of office automation equipment.

SUMMARY OF BUDGET REQUEST

An average employment of 130 and $7,138,000 are requested to support the activities of the Office of Information Management and Statistics in 1987.

The VA presently has very little information about disabled veterans who are not on the compensation rolls. A comprehensive study to examine the needs of all disabled veterans is necessary to plan for the integrated care which they will need as they grow older. The budget request includes $700,000 for this study.

It is estimated that only eleven percent of the nation's veterans used a VA medical center or outpatient clinic in fiscal year 1984. As a result, the number of system users found in a random sample of veterans would be too small for meaningful analysis. A study of medical system users, with a sample drawn from the Patient Treatment File and Outpatient File, would allow for a thorough analysis of their demographic and socioeconomic characteristics. The budget request includes $400,000 for this study.

National surveys of veterans are performed in order to collect data about veterans of all periods of service, and to obtain comparative information for veteran "nonusers" of VA benefit programs as well as "users". The budget request includes $850,000 in 1987 for the third national survey of veterans (SOV-III) begun in 1986.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average employment	135	133	126	130	+ 4
Obligations					
Personal Services...	$4,867	$ 4,861	$ 4,686	$ 4,802	$ + 116
Travel..............	39	25	9	25	+ 16
Transportation of Things..............	...	2	...	...	...
Rents, Communications and Utilities.......	15	15	15	15	...
Other Services......	916	252	1,190	2,246	+1,056
Supplies and Materials.......	29	30	16	30	+ 14
Equipment...........	81	192	...	20	+ 20
Total Obligations	$ 5,947	$ 5,377	$ 5,916	$ 7,138	$+1,222

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services..............$	4,867	$ 4,686	$ 4,802	$ +116

The 1987 estimate reflects the increase of four FTEE.

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Travel				
Employee Travel................$	37	$ 7	$ 23	$ + 16
GSA Rental............$	2	$ 2	$ 2	$ ...
Total.................$	39	$ 9	$ 25	$ + 16

Travel to field facilities is required for production of reports at data processing centers, routine evaluations of activities at our Vital Records Depository, and training of Reports Coordination Officers.

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Rents, Communications and Utilities.......$	15	$ 15	$ 15	$ ...

These funds are for equipment rental.

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Other Services........$	916	$ 1,190	$ 2,246	$+1,056

These funds provide for statistical surveys and research studies, maintenance and repair of equipment, employee training, ADP timesharing services, and other contractual services. The 1987 estimate includes $850,000 for the third national survey of veterans; $700,000 for the study of disabled veterans; and $400,000 for the study of medical system users.

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Supplies and Materials..........$	29	$ 16	$ 30	$ + 14

These funds are used for normal replacement of non-stock administrative supplies and special supply items.

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Equipment............$	81	$ ...	$ 20	$ + 20

Funding in 1987 is for routine replacement of equipment.

OFFICE OF PROGRAM ANALYSIS AND EVALUATION

PROGRAM DESCRIPTION

The Director of Program Analysis and Evaluation (PA&E) reports to the Associate Deputy Administrator for Management (ADA/M). Under the direction of the ADA/M, PA&E is responsible to coordinate and review department and staff office initiatives and progress in the VA Management Improvement program; perform independent policy, program and management analyses as directed by the Administrator/Deputy Administrator or as requested by department heads, other ADAs, or staff office directors (for program areas in their jurisdiction); perform cyclical program evaluations as required by title 38 U.S.C. § 219; and perform systematic scheduled performance reviews required by the VA's Integrated Management System.

Through three staff services, the Director provides analytical and management support for policy decisions and direct management assistance to departments and staff offices of the VA. In order to provide top management with a basis for formulating Agency-wide policy in 1987, Program and Policy Analysis Service will be responsible for development of options for the Administrator's policy direction and the analysis and assessment of policy issues. In addition, this service will be responsible for coordinating and tracking all management review activities in the Agency and for systematic monitoring of program performance objectives and the execution of program, management and productivity improvement plans on a semi-annual basis.

The major efforts of the Management and Organization Service will be directed toward improving Agency management through analysis of efficient and effective employment of VA resources. This will be accomplished by providing the Administrator and other top management officials accurate and timely information necessary for decisionmaking. This Service utilizes analytical techniques to directly assist departments and staff offices to improve their delivery of services to veterans. The organization is responsive to the requirements of the Administrator regarding those major issues requiring administrative management, operations research, and quantitative analysis. Additionally, the service is responsible for review of all major organizational changes proposed in the Agency, the conduct of cost-benefit analyses of major ADP and other high cost decisions in accordance with Federal Information Resources Management Regulations and VA regulations, and provides oversight of management analysis consulting contracts.

The Program Evaluation Service will provide analytical support for policy decisions through the conduct of program evaluations. These Agency-wide evaluations are performed in accordance with the provisions of 38 U.S.C. § 219, OMB instructions, and Agency requirements. Through objective measurements and systematic analyses, the reports that will be completed during 1987 will advise the Administrator and the Congress on the manner and extent to which programs are achieving stated objectives. These in-house evaluations are designed to provide a disciplined and thorough review of the efficiency, effectiveness, and impact of the programs on the target population.

Changes From Original 1986 President's Budget Request
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	P.L. 99-160 with adj. 2/	P.L. 99-177 adj. 3/	Current Est.	Current Est. vs. Budget
Average Employment	61	53	...	53	-8
Funding:					
Personal Services........	$2,692	$2,381	$ -55	$2,326	$ -366
Travel....................	105	105	-20	85	-20
Transportation of Things	10	10	-10	...	-10
Rents, Comm. & Utilities	...	2	...	2	+2
Printing & Reproduction.	...	...	...	...	...
Other Services...........	334	133	-8	125	-209
Supplies & Materials....	20	22	-4	18	-2
Equipment................	103	70	-20	50	-53
Total Obligations..	$3,264	$2,723	$-117	$2,606	$ -658

1/ President's Budget Request as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

In FY 86, the Office has sufficient funds to support necessary program activities for 53 FTEE. No independent contract consultant studies will be funded. Studies of this type will either be conducted in-house on a priority basis or will be funded from sources outside of PA&E. The current estimate of $2,606,000 and with an average employment level of 53 is a decrease of $658,000 and eight average employment level from the 1986 President's budget request. The reduction in employment was the result of Congressional action.

SUMMARY OF BUDGET REQUEST

An average employment of 52 and $3.3 million are requested to support the Office of Program Analysis and Evaluation's operations in 1987 which is 12 FTEE below the FY 1985 staffing level. The FY 86 appropriation decreased the Office's funding by $541,000 and 8 FTEE from the FY 86 President's budget request. The Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177) further decreased the FY 86 budget by $117,000 for a total reduction of $658,000 below the base from which the 1987 request was initially developed. These actions have primarily affected staffing and contractual services. Because of the staffing and funding reduction in FY 86, there will be a need for contractual support in FY 87 for Agency management studies to improve operational efficiency and productivity.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment	64	61	53	52	-1
Obligations					
Personal Services......	$2,658	$2,692	$2,326	$2,371	$ +45
Travel.................	74	105	85	85	...
Transportation of Things................	...	10	...	10	+10
Rent, Communications and Utilities.........	1	...	2	3	+1
Other Services.........	266	334	125	717	+592
Supplies and Materials.	33	20	18	22	+4
Equipment..............	263	103	50	70	+20
Total Obligations...	$3,295	$3,264	$2,606	$3,278	$ +672

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services...............	$2,658	$2,326	$2,371	$ +45

Personal Services reflects a reduction of one FTE and an increase in normal within-grade, merit pay, translocation costs, and other related benefits.

Travel

Employee......................	$ 74	$ 85	$ 85	...

The requested funding level is directly related to anticipated program workloads. Evaluations and studies continue to require data collection and sampling at field stations.

Transportation of Things........	...	...	$ 10	+10

Cost of movement of household goods.

Rent, Communications and Utilities......................	$ 1	$ 2	$ 3	$ +1

Rental of office equipment.

Other Services..................	$ 266	$ 125	$ 717	$ +592

Funding will support contractual services to assist in the conduct of policy analysis, program evaluations, special studies, and other program activities.

Supplies and Materials....................	$ 33	$ 18	$ 22	+4

Supports office operations.

Equipment.......................	$ 263	$ 50	$ 70	+20

To support ADP equipment for office automation and enhancement of existing equipment.

PROGRAM HIGHLIGHTS

During FY 85, the Office has provided analytical and management support for policy decisions and direct management assistance to departments and staff offices through systematic monitoring of program performance objectives and the execution of programs, and through the conduct of studies, evaluations and policy analyses.

The Program and Policy Analysis Service developed an improved structure for the program review process and is continuing to incorporate changes which will lead to a more efficient and effective oversight function. For example, the incorporation of goals and objectives into the performance tracking system enables top management to analyze how well each department and staff office is supporting its own goals and objectives, and in turn, those of the Agency. Work began in 1985, and is now continuing, to incorporate into the program review process recommendations of key internal and external reviews as well as management initiatives being tracked by OMB, GSA and others; this consolidation should allow elimination of duplicative reporting, improved consistency of information and a more global view of program issues and their interrelationships. In addition, the Service developed comprehensive formats and instructions for the FY 1987-1991 program plans and Agency FY 1986 program operating plans. It also conceptualized and facilitated the Construction Planning Conference. It has prepared and provided comprehensive written analyses and recommendations for several major efforts including review of the FY 1987-1991 program plans, the 5-year Medical Facility Construction Needs Assessment and the mid-year and end-of-year program operating plans. In addition, the Service conducted numerous policy analyses and assessments including a review and analysis of selected issues in VA's minor construction program which resulted in numerous recommendations for improving the overall processing and efficiency of the VA programs.

The Management and Organization Service completed eleven management and cost-benefit studies, oversaw two major consultant contracts and worked with department and staff offices on over thirteen reports and studies. Major products included: a cost-benefit analysis of the redesign of the Personnel and Accounting Integrated Data (PAID) system, a management analysis of prosthetic and sensory aids field operations, a study of 21-day hospitalization and convalescent temporary 100% ratings in response to a Congressional request, a comparative analysis of Intergovernmental Affairs Service and the activities under their jurisdiction, a consultative study on the Implementation of the Committee for Employer Support of Veteran Employment, an evaluation of the VA historical program, a management analysis of restoration clinic operations, a study of a VA health and physical fitness program, an assessment of the impact of compressed work schedules, and an assessment of the impact of Agency acceptance of GSA delegation of VACO building management functions. The Service oversaw the contract to assess the effectiveness of health care construction and the consultant study to determine cost effectiveness of the VA depot system. The Service coordinated the Agency's response to the Grace Commission issue and prepared and coordinated the Agency's response to the President's Council on Management Improvement in the areas of productivity improvements, common administrative services and staffing standards. There were nine other studies which the Service began and will complete in FY 86.

Program Evaluation Service completed two program evaluations under 38 U.S.C. § 219 and one issue evaluation. The program evaluations were conducted to determine the efficiency and effectiveness of the programs and their impact upon the beneficiaries and to provide Agency managers and the Congress with information to aid in decisionmaking regarding these programs. The evaluation of the Readjustment Counseling Program (Client Impact Report) was conducted via consulting contract and assessed the services the Vet Centers are providing Vietnam veterans and whether the program is reaching the target group. The evaluation of the Geriatric Research, Education and Clinical Centers (GRECC) Program determined how well the program is meeting the medical, psychological and social needs of older veterans. In addition, the Service has begun working on seven other evaluations which are scheduled to be completed in the next fiscal year.

ASSOCIATE DEPUTY ADMINISTRATOR FOR LOGISTICS

PROGRAM DESCRIPTION

The Associate Deputy Administrator (ADA) for Logistics provides policy-level review of the Agency's procurement and supply and administrative support activities. The ADA provides general management direction to the Offices of Procurement and Supply and Administration, as well as serves as the Agency's Procurement Executive and the Director of the VA's Office of Small and Disadvantaged Business Utilization. The ADA also serves as the Agency's principal liaison with the Small Business Administration, the Interagency Council on Metric Policy, and the Office of Federal Procurement Policy within the Office of Management and Budget. The budget estimate for the Office of Procurement and Supply is in Volume IV and the Office of Administration follows this submission. The ADA for Logistics is appointed by the Administrator of Veterans Affairs and reports to the Administrator and the Deputy. The ADA for Logistics will no longer have policy level review for the Office of Construction because that function is being transferred to the Department of Medicine and Surgery. Management and policy responsibilities for Agency-wide implementation of OMB Circular A-76 were transferred to the ADA for Management while contracting responsibilities of the circular will remain with the Office of Procurement and Supply within the ADA for Logistics Office.

Changes From Original 1986 President's Budget Request
(dollars in thousands)

	Budget Estimate 1/	Current Estimate			Current Est. vs. Budget
		P.L. 99-160 with adj. 2/	P.L. 99-177 adj. 3/	Current Estimate	
Average Employment	4	6	...	6	+ 2
Funding:					
Personal Services	$273	$307	$ -14	$293	$ + 20
Travel	7	4	...	4	- 3
Other Services	3	3	...	3	...
Supplies and Materials	1	1	...	1	...
Equipment	...	...	...	...	...
Total Obligations	$284	$315	$ -14	$301	$ + 17

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

Narrative Explanation

Employment in 1986 was increased in the Office of the ADA/Logistics to support staffing of the White House Conference on Small Business. Current staffing patterns for 1986 provide for sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985.

SUMMARY OF BUDGET REQUEST

An average employment level of four with associated total funds of $280,000 are requested to support the Office of the ADA for Logistics in 1987. The decrease is due to one-time funding provided in 1986 for the White House Conference on Small Business and offsetting adjustment for temporary combined staffs of ADAs for Logistics and Management.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS
(dollars in thousands)

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Average Employment	4	4	6	4	- 2
Obligations:					
Personal Services	$ 233	$ 273	$ 293	$ 267	$ -26
Travel	4	7	4	4	...
Other Services	1	3	3	6	+ 3
Supplies & Materials	2	1	1	2	+ 1
Equipment	8	...	...	1	+ 1
Total Obligations	$ 248	$ 284	$ 301	$ 280	$ -21

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services	$233	$293	$267	$-26

Estimated requirements cover the Office of the ADA for Logistics, as described in the program description. Personal Services include merit pay requirements and associated awards. Decrease is due to one-time funding provided in 1986 for the White House Conference on Small Business and offsetting adjustment for temporary combined staffs of ADAs for Logistics and Management.

Travel

Employee Travel	$4	$4	$4	...

Total estimate of $4,000 is requested for 1987. These funds are necessary for performance of travel required by the Office of the ADA for Logistics, including VA field station visits, national service organizations' meetings, supply, engineering and resident engineering training conferences, professional development and public affairs responsibilities.

Other Services	$1	$3	$6	$+ 3

Included in this item are funds for equipment maintenance, seminars, conferences and specialized training. The increase is due to the need for specialized training and maintenance of equipment.

Supplies and Materials	$2	$2	$2	$+ 1

These funds will provide for miscellaneous non-stock office supplies and materials for the ADA's staff meetings, briefings, and top management programs. The increase is necessary to provide additional supplies for the office.

Equipment	$8	...	$1	$+ 1

These funds include ADP and other equipment for 1987. The increase is due to an expanded ADP modernization goal.

OFFICE OF ADMINISTRATION

PROGRAM DESCRIPTION

The Director, Office of Administration, is responsible to the Associate Deputy Administrator for Logistics for the provision of general administrative services support for Central Office and certain operating services on a VA-wide basis. These activities are accomplished by four services, one of which is funded under the Supply Fund.

The functions and services of the Office of Administration are varied and complex. Our objective is to assist those responsible for directing and carrying out substantive programs in their mission of "service to veterans and their dependents." The Office of Administration has staff as well as operational responsibility for the printing, reproduction and distribution program as well as the audio-visuals program. The remaining functions are operational such as management of real property, supplies, equipment, furniture and furnishings; receipt, distribution and dispatch of mail; communications service, and records management. Our goal is to render the best possible service at the least possible cost and we are constantly striving to improve our service in order to meet this goal.

General administrative support services are provided through the following three Services:

Office Operations Service: Provides office support services for VA Central Office by receipt, distribution and dispatch of mail, teletypes and facsimile documents, messenger service, telephone service, and records management. Issues Presidential Memorial Certificates to the next of kin of honorably discharged deceased veterans. Furnishes veteran identification data from Beneficiary Identification Records Locator Sub-System (BIRLS) on inquiries from all Central Office elements, other Government agencies such as the FBI, Department of Defense, and veterans organizations in the Washington Metropolitan area.

Building and Supply Service: Provides the services of purchasing, warehousing, accountability, storage, issue, inventory, disposition of excess supplies and equipment, and furniture and furnishings for Central Office elements. Acquires and disposes of office and other space in the Washington Metropolitan area. Provides layout assistance to improve space utilization, and also to improve working conditions by modernization, renovation and maintenance. Responsible for the implementation and conduct of a personal security program in the VACO building.

Audio Visuals Service: Furnishes Agency-wide guidance in planning the use of visuals to support all programs. Provides consultation services and production of art work for slides, film strips, TV spot announcements, and charts used for briefings, conferences, and training. Provides planning, consultation, design photographic and construction services associated with VA exhibits for display at national veterans organization conventions, specialized medical and scientific meetings, personnel and engineering seminars, and general public display. Distributes informational, educational, and training films, video tapes, and film strips throughout VA, and to veterans organizations, schools, professional and technical groups, and the public, via television.

Changes From Original 1986 President's Budget Request
(dollars in thousands)

		Current Estimate			
	Budget Estimate 1/	P.L. 99-160 with adj. 2/	P.L. 99-177 adj. 3/	Current Estimate	Current Est. vs. Budget
Average Employment	169	167	-2	165	-4
Funding:					
Personal Services.......	$4,362	$4,344	$-111	$4,233	$ -129
Travel..................	48	33	...	33	-15
Transportation of Things	46	46	...	46	...
Rents, Comm. & Utilities	15,524	14,323	-22	14,301	-1,223
Printing & Reproduction.	1,265	1,340	-281	1,059	-206
Other Services..........	1,106	1,018	-142	876	-230
Supplies & Materials....	638	786	-300	486	-152
Equipment...............	103	90	-90	...	-103
Total Obligations..	$23,092	$21,980	$-946	$21,034	$-2,058

1/ President's budget request, as amended.
2/ Adjusted for Congressional and current year re-estimates.
3/ Balanced Budget and Emergency Deficit Control Act of 1985.

Because the FY 1986 current estimate includes funds in the amount of $14,603,000 for the cost of such services as telephone, teletype, SLUC, and mail, the 4.3% reduction will impact in the areas of printing and reproduction, supplies and materials, and equipment.

SUMMARY OF BUDGET REQUEST

An average employment of 176 and funds in the amount of $23,640,000 are requested to support Office of Administration operations in 1987. Of the total, $13 million, or 55 percent will be required for reimbursement to GSA for RENT, FTS services, and for reimbursement to the U.S. Postal Service for mailing costs.

This request provides for 11 FTE and $2,714,000 to support the transfer of building management functions for the VACO headquarters building from GSA effective October 1, 1986. This action is in accordance with GSA's plan to delegate authority for building management functions at agency headquarters buildings in Washington, D.C., under the provisions of the Federal Property and Administrative Services Act of 1949. For FY 1987, GSA will provide reimbursement in an estimated amount of $2,714,000 and the transfer of 11 FTE for this transfer of functions. In subsequent years, the RENT rate will be adjusted to eliminate the value of services provided.

In order to support the 176 average employment necessary to provide general administrative support to all VA Central Office departments and staff offices, $4.7 million will be required.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS

(dollars in thousands)

	1985	1986		1987	Increase (+)
	Actual	Budget Estimate	Current Estimate	Estimate	Decrease (-)
Average Employment					
Office of the Director..........	10	9	10	10	...
Building Management Staff.......	...	...	...	11	+11
Office Operations Service......................	76	72	71	70	-1
Building and Supply Service......................	54	54	53	53	...
Audio Visuals Service...........	33	34	31	32	+1
Total..........................	173	169	165	176	+11
Obligations					
Personal Services..............	$ 4,391	$ 4,362	$ 4,233	$ 4,717	$ +484
Travel.........................	37	48	33	34	+1
Transportation of Things.......	40	46	46	48	+2
Rents, Communications and Utilities................	13,657	15,524	14,301	16,086	+1,785
Printing and Reproduction......	1,167	1,265	1,059	1,726	+667
Other Services.................	1,113	1,106	876	2,703	+1,827
Supplies and Materials.........	925	638	486	939	+453
Equipment......................	52	103	--	101	+101
Total Obligations..............	$21,382	$23,092	$21,034	$26,354	$+5,320
Reimbursements.................	...	...	...	- 2,714	-2,714
Total Budget Authority.........	...	...	...	$23,640	$+2,606

DETAIL OF BUDGET ESTIMATES
(dollars in thousands)

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Personal Services.........	$ 4,391	$ 4,233	$ 4,717	$+ 484

Funds are provided for normal payroll increases and within grades. The increase in 1987 provides funds for 11 FTEE to be transferred from the General Services Administration for the building management function effective October 1, 1986.

Travel

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Employee..................	$ 21	$ 14	$ 14	$ ...
GSA Rentals...............	16	19	20	+ 1
Total.....................	$ 37	$ 33	$ 34	$+ 1

Employee travel provides for temporary duty travel in connection with conferences, veterans organization meetings and training required in the performance of official duties.

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Transportation of Things...	$ 40	$ 46	$ 48	$+ 2

Freight, express and drayage includes all miscellaneous shipping costs for Central Office including printed materials for binding, supplies, equipment and samples to other VA installations. Also provides funds for commercial carrier shipments of VA-owned exhibits and displays throughout the United States. All of these exhibits on all VA programs are controlled for presentation by the Office of Administration. They are shipped, presented and returned to storage sites throughout the year in support of VA meetings and conferences.

Funds are also required for rental of two trucks from the General Services Administration motor pool which are used to transport furniture and machines between buildings which house VA personnel.

Rents, Communications and Utilities

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Communications.............	$ 2,181	$ 2,399	$ 3,480	$+ 1,081
Regular Mail Reimbursement............	810	820	820	...
Equipment Rental...........	262	139	144	+ 5
Standard Level User Charges (RENT - FY 1987).	10,404	10,943	10,600	- 343
Utilities and Fuel.........	...	...	1,042	+ 1,042
Total......................	$13,657	$ 14,301	$ 16,086	$+ 1,785

The estimate for communications service represents costs for staff offices in Central Office including all types of telephone costs, record/data transmission services, facsimile costs, and reimbursement to GSA for FTS service. The increase is the result of GSA's projected cost for FTS services based on latest FY 1985 usage patterns and inflation rates, additional funding for the Integrated Data Communications Utility which will replace the VA Data Transmission System (VADATS), and the staff offices' pro-rated share for the acquisition of an electronic telephone system for VA Central Office.

Funds for regular mail reimbursement represent the total estimated costs to be incurred by Central Office activities. Mail costs are projected on the basis of periodic samplings of actual volume handled, along with estimates of additional volume.

Equipment rental provides for photocopy and facsimile equipment, postage meter machines and other miscellaneous equipment required by the staff offices. Also included is funding for equipment to continue the tracking of purchase orders in our procurement activity.

RENT charges include payment required for rental of space from the General Services Administration as required by the Amendments to the Public Buildings Act (Title 40, U.S.C.). The estimate for 1987 provides for rental of 499,344 square feet of space in six buildings. The estimate is based on 100 percent of the amount prescribed by GSA in accordance with established fair annual rental (FAR) appraisals.

Funds in the amount of $1,042,000 have been included for utilities and fuel for the VACO headquarters building.

	1985 Actual	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Printing and Reproduction...	$1,167	$ 1,059	$ 1,726	$+ 667

Provides funds to reimburse the Supply Fund for all printing and reproduction for all staff offices other than the Offices of Construction, Data Management and Telecommunications, and Procurement and Supply. Requirements include VA forms and form letters, manuals, circulars, printed envelopes, and other reproduction services.

Other Services..............	$1,113	$ 876	$ 2,703	$+ 1,827

Repair of Furniture and equipment includes funds for maintenance of adding machines and calculators, recovering of platens and power rolls on typewriters, and cost of maintenance contracts on mail sealing, addressograph and other special purpose equipment

Miscellaneous contractual requirements include service contracts (cleaning, security, elevator) for the VACO headquarters building, commercial acquisition of motion picture service for filming projects. Other expenditures in this area include audiovisuals equipment repair and modification, exhibits installation and removal, booth rental, special composition services in the design and production of charts, graphs, slides and other visual media, and employee training. Special space services provide for protective services for three buildings, and other recurring service requirements beyond the GSA standard level of service.

The increase in this subaccount provides for service contracts for maintenance of the VA headquarters building.

Supplies and Materials......	$ 925	$ 486	$ 939	$+ 453

This request provides funds for all expendable supplies used in staff offices and departments in Central Office including operating supplies such as typewriter parts; miscellaneous parts and supplies for the operation of the photocopy equipment; supplies and parts for VACO building maintenance and repair; chipboard for use with Presidential Memorial Certificates; and wrapping paper, tape, mailing tubes, etc.

Equipment..................	$ 52	$ ...	$ 101	$ +101

Estimated costs are for normal replacement of equipment which meets the standard for replacement and for non-serviceable items of furniture requiring replacement.

SUPPLY FUND OFFICE OF PROCUREMENT AND SUPPLY

PROGRAM DESCRIPTION

The Supply fund was established July 1, 1953, without fiscal year limitation, to provide for all expenses necessary for the operation and maintenance of a supply system for the Veterans Administration (VA). Its objective is to provide quality support to all programs in the VA and to assure the greatest return for every dollar spent for the acquisition and distribution of supplies and equipment.

In 1987 the system will provide supply support for a VA nationwide health distribution system of 172 hospitals, 119 nursing homes, 16 domiciliaries and 228 outpatient clinics. A total average daily inpatient census of 72,228 is planned in VA facilities for 1987 with 1,291,892 inpatients treated, and 17,263,000 VA staff outpatient medical visits planned.

VA activities which receive supply support for providing benefits, other than health care to veterans, are 58 regional offices each of which has one or more separate veterans assistance offices, three major data processing centers, and a national cemetery system.

Since the establishment of the Supply fund, and because of the effectiveness of the national buying system, supply support has been extended to over 1,650 other Government agency installations that require medical, hospital and subsistence items. During 1985 other Government agencies purchased approximately $217 million worth of supplies from the VA supply depots or through contracts prepared by the VA Marketing Center.

The operation of the Supply fund is under the direction of the Director, Office of Procurement and Supply, and is an integral function within the total supply program.

Three depots, a marketing center and a publications service are operated through the Supply fund. The Supply fund is used for purchasing, warehousing and distributing supplies and equipment which are used in quantities large enough to realize savings through a central purchase or stock system.

A service and reclamation division and a periodical service are also part of the depot's service to field activities.

Supply fund financing provides for the following.

1. A national buying system for the procurement of supplies, equipment and services. National buying is designed to consolidate requirements and purchases of all items for which there is a cost advantage through volume buying and distribution.

2. The management and operation of the VA supply depots for economical storage and distribution, including salary costs, transportation and shipping costs and other related operating expenses.

3. A service and reclamation program for the repair and reclamation of supplies and equipment nationwide, and for providing laboratory inspection and testing services for technical instruments, equipment and supplies. In addition, teams of skilled technicians conduct surveys of hospital medical equipment on a scheduled basis. They evaluate present condition, effectiveness of maintenance, life expectancy and operating and performance safety.

4. A program of reclaiming silver from X-ray film and solutions at health care facilities.

5. A national buying system for the procurement and distribution of forms, form letters, publications (manuals, circulars, etc.) and other printed material, as authorized by the Joint Committee on Printing and operation of a publications depot for economical storage and distribution of forms and publications.

6. Purchases for inventory by field activities from mandatory sources and other vendors for items that cannot be provided through the national buying program.

7. A system for Agency supply standardization and cataloging, personal property management of depot and centrally procured items and for financing of warehouse inventories.

8. A program to provide magazines and administrative periodicals to VA hospital patient and medical libraries is a part of the depot operation.

9. A program for the training of VA contracting personnel in accordance with Executive Order 12352, Federal Procurement Reforms.

FUND HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Estimate	1987 Estimate	Increase (+) Decrease (-)
Appropriation......................	...	...	...	...
Obligations........................	$666,779	$750,000	$784,375	$+34,375
Outlays............................	...	...	...	...
Average employment (jurisdictional)................	602	613	589	-24

SUMMARY OF BUDGET REQUEST

The increase in obligations from 1986 to 1987 is due to a projected increase in sales. The reduction of 24 FTEE in 1987 is due to an A-76 study, which is expected to result in contracting out of warehousing functions at the Forms and Publications Depot.

CHANGES FROM ORIGINAL 1986 BUDGET ESTIMATES
(dollars in thousands)

	1986		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Appropriation.................	...	...	...
Obligations...................	$798,805	$750,000	-48,805
Outlays.......................	...	...	...
Average employment (jurisdictional)...........	613	613	...

The reduction in obligations is due to a revised estimate of cost of goods sold.

ANALYSIS OF INCREASES AND DECREASES - OBLIGATIONS
(dollars in thousands)

	1986 Current Estimate	1987 Estimate
Prior year obligations......................	$ 666,779	$750,000
Civilian Pay Raise.(Annualization of 1985).	150	...
Salaries and benefits......................	+ 625	- 309
Cost of goods sold.........................	+ 80,397	+34,360
Operating expense..........................	+ 1,083	+ 950
Capital investment.........................	+ 956	- 626
Net change................................	+ 83,221	+34,375
Estimated obligations......................	$750,000	$784,375

In 1986 the increase in salaries and benefits is attributable to full employment and periodic step increases. In 1987 the decrease is due to anticipated management improvements to contract out depot functions.

In 1986 and 1987 obligations for cost of goods, which includes the change in undelivered orders and inventory, are projected to rise 12 and 5 percent respectively. Equipment sales in 1986 are expected to increase because of the large number of orders received in the last half of 1985.

The increase in obligations for operating expenses in 1986 is attributable to increases in rentals, utilities and operating supplies. In 1987 most of the increased expense is to pay for contractual services to perform depot functions previously handled by VA employees. There are also minor increases expected in the cost for rentals and operating supplies.

The increase in capital investment expense in 1986 is principally for ADP equipment which will increase productivity.

ADP RESOURCES
(dollars in thousands)

		1986			
	1985 Actual	Budget Estimate	Current Estimate	1987 Estimate	Incr. (+) Decr. (-)
Average employment........	2	2	2	2	...
Obligations.					
Personnel services.......	$ 84	$ 84	$ 84	$ 84	...
Intra-agency services....	370	359	373	373	...
Capital investment.......	111	279	727	487	-240
Total..................	$565	$722	$1,184	$944	$-240

Most of the equipment additions in 1986 and 1987 are for the Marketing Center and the Hines depot. The Marketing Center equipment is for use by contracting officials to improve their overall efficiency in the evaluation of vendor offers and application of cost analysis. The new equipment for Hines depot is to upgrade the present system and provide additional printers. Also, a new system is planned to integrate the accounting and operations functions. A computer system for Central Office is also requested that will reduce clerical workload and improve productivity.

EMPLOYMENT

Two types of employees are charged to the Supply fund. The first is responsible for the various phases of the merchandising activity and the second for the management of field supply activities.

In 1987 total employment will be reduced to 589.

The following table provides a comparative analysis of average employment for Supply fund operations for 1985 through 1987.

Activity	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Estimate	Increase (+) Decrease (-)
Merchandising.					
Depot operations	353	355	355	355	...
Marketing	100	105	106	106	...
Publications service	95	95	95	71	-24
Total merchandising	548	555	556	532	-24
Central Office element:					
Management of medical center related activities	65	69	68	68	...
Socio-economic staff	9	9	9	9	...
Total Central Office element	74	78	77	77	...
Total Supply fund average employment (Net)	622	633	633	609	-24
Common services	-20	-20	-20	-20	...
Total average employment (Jurisdictional)	602	613	613	589	-24

FINANCING

The Supply fund is a self-sustaining revolving fund. It recovers operating expenses by applying a mark-up to items sold (averaging about 3 percent of cost of goods sold). Retained earnings are used to finance growth in inventory and undelivered orders.

WORKLOAD

Actual sales through the Supply fund for the past two years were $601 million for 1984 and $642 million for 1985. Sales are projected at $732 million for 1986 and $775 million for 1987. This is an anticipated increase of 29 percent during the four-year period. It is estimated that the average overall personnel years for Supply fund merchandising operations during the same period will decrease from 571 personnel years in 1984 to an estimated 532 in 1987. Total VA purchases of supplies and equipment were $1.8 billion in 1985. This total represents procurements not only through the Supply fund but from other sources as well.

COST AVOIDANCE

During 1985 the Marketing Center was able to achieve an overall cost avoidance of $413 million, or 29 percent through centralized procurement. By method of supply, the cost avoidance was: Depots - $126 million, Direct Deliveries - $24 million, National Contracts - $263 million.

NEW INITIATIVES

The Office of Procurement and Supply (OPS), in conjunction with the Department of Defense and the Public Health Service, will expand their Shared Procurement Program to include medical equipment. Significant savings are expected after procedures have been implemented for standardizing equipment, consolidating requirements, and centralizing contracting.

OPS will participate in a Government-wide effort to test the feasibility of centralizing the collection, entry, and dissemination of Standard Form 129 (Solicitation Mailing List Application) information.

OPS awarded a consulting service contract on August 8, 1984, to study the efficiency of the VA Supply Depots versus private sector procurement, contracting and distribution of medical supplies. This study will provide the VA with data upon which policy and managerial decisions can be based.

FINANCIAL CONDITION
(dollars in thousands)

	1985 Actual	1986		1987 Estimate
		Budget Estimate	Current Estimate	
Assets.				
Treasury balance	$165,060	$150,516	$165,060	$165,060
Accounts receivable, net	23,536	30,000	25,000	25,000
Advances	1,321	400	500	750
Commodities for sale	112,493	115,000	118,000	118,000
Fixed assets, net	1,993	3,121	2,924	3,220
Total assets	$304,403	299,037	311,484	312,030
Liabilities. Current	85,668	76,956	90,749	89,295
Government equity.				
Noninterest-bearing capital	172,999	172,999	172,999	172,999
Retained earnings	45,736	49,082	47,736	49,736
Total Government equity	$218,735	$222,081	$220,735	$222,735

REVENUE, EXPENSE AND RETAINED EARNINGS
(dollars in thousands)

	1985	1986		1987	Increase (+)
	Actual	Budget Estimate	Current Estimate	Estimate	Decrease (-)
Sales program:					
Revenue	$651,116	$786,511	$748,234	$786,079	$+37,845
Expense	-650,121	-784,486	-746,209	-784,054	-37,845
Net operating income	995	2,025	2,025	2,025	...
Nonoperating income or loss (-):					
Net book value of assets sold.	- 341	- 25	- 25	- 25	...
Net nonoperating income or loss (-)	- 341	- 25	- 25	- 25	...
Net income for the year	$ 654	$ 2,000	$ 2,000	$ 2,000	$ ...
Analysis of retained earnings:					
Retained earnings start of year	$ 45,082	$ 47,082	$ 45,736	$ 47,736	$+ 2,000
Retained earnings end of year	$ 45,736	$ 49,082	$ 47,736	$ 49,736	$+ 2,000

INVENTORY AND SALES DATA
(dollars in thousands)

SUPPLIES AND EQUIPMENT 1985

	Average Monthly Inventory				
	Field Stations	Supply Depots	Total	Sales Goods	Ratio of sales to inventory
Food	$4,655	$9,925	$14,580	$ 48,888	3.4
General supplies	4,963	1,393	6,356	46,520	7.3
Drugs and medicines	29,513	30,420	59,933	288,630	4.8
Other medical supplies	16,777	15,115	31,892	156,393	4.9
Equipment	...	242	242	87,034	...
Fuel	6	...	6	144	...
Standby	...	...	...	107	...
Repair service (S&R)	...	...	...	800	...
	$55,914	$57,095	113,009	628,516	5.6
In transit between depots and stations			8,787	...	...
Service and reclamation (S&R storeroom stocks)			426	...	...
S&R work in process			94	...	...
Subtotal			122,316	628,516	5.1
Publication service forms, letters			...	13,823	...
Work in process			32	...	...
Total			$122,348	$642,339	5.3

Note Data provided in this table relate sales to average monthly inventory investment. Sales figures differ from revenue due to discounts and other reimbursable earnings which are not identified as sales.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS' CEMETERIES

APPROPRIATION LANGUAGE

For grants to aid States in establishing, expanding or improving State veterans' cemeteries as authorized by law (38 U.S.C. 1008).

PROGRAM DESCRIPTION

Public Law 95-476, enacted October 18, 1978, as codified in Title 38 U.S.C. 1008 established authority to provide aid to states for establishment, expansion, and improvement of veterans' cemeteries. This program is under the direction of the Chief Memorial Affairs Director.

The Veterans' State Cemetery Grants Program makes grants to any state to assist such state in establishing, expanding, or improving state-owned veterans' cemeteries. States receive financial assistance to provide burial space for veterans in areas that are not adequately supported by VA national cemeteries.

A grant may not exceed 50 percent of the total value of the land and the cost of improvements. The remaining amount must be contributed by the state. No state may receive in any fiscal year a total amount in excess of 20 percent of the total appropriated amount available for such grants for such fiscal year.

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

	1985 Actual	1986 Current	1987 Estimate	Increase (+) Decrease (-)
Funding:				
Appropriation..................	$ 5,000	$ 2,839	$ ...	$- 2,839
Obligations.....................	1,031	2,072	2,200	+ 128
Outlays.........................	534	2,600	372	- 2,228

SUMMARY OF BUDGET REQUEST

No new funds are requested for the State Cemetery Grant Program in 1987. A total of $23.3 million has been appropriated through 1986 ($5 million in both 1980 and 1981; $2.5 million in 1983, $3 million in 1984, $5 million in 1985, $2.8 million in 1986). As of September 30, 1985, funds have been obligated for the following projects:

Location	Actual Obligations through September 30, 1985 ($000)
Arneytown, NJ..............................	$ 1,454
Augusta, ME................................	216
Cheltenham, MD.............................	404
Crownsville, MD............................	916
Eastern Shore, MD..........................	153
Exeter, RI.................................	750
Garrison Forest, MD........................	862
Middletown, CT.............................	682
Phoenix, AZ................................	327
Quincy, IL.................................	114
Guam.......................................	2,413
Rocky Gap, MD..............................	275
Evansville, WY.............................	1,435
King, WI...................................	71
Total......................................	$ 10,072

Continuation of this program helps states provide an alternative burial option for veterans who reside in areas not currently served by a national cemetery. No new budget authority is requested for 1987 because sufficient funds are available from prior years' appropriations to meet expected requirements.

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REORGANIZATIONS

This 1987 budget request includes the effects of three following Agency reorganizations:

The construction reorganization will combine the current Office of Construction and Facility Engineering, Planning , and Construction (FEPAC) office within the Department of Medicine and Surgery into a new Office of Facilities. The new office will be under the control of the Chief Medical Director. Program adjustments for 1987 show a transfer of 13 FTEE and $525,000 from the Office of Construction to the General Operating Expenses appropriation and the transfer of 73 FTEE and $3,856,000 from the Medical Administration and Miscellaneous Operating Expenses appropriation to the new Office of Facilities. The Office of Facilities shows a request for 733 FTEE and $38,885,000 for 1987.

The General Operating Expenses appropriation includes the effects of three reorganizations in 1987. The construction reorganization includes a transfer of 13 FTEE from the Office of Construction. Of these 13 FTEE, 10 FTEE will be assigned to the newly constituted Associate Deputy Administrator for Management and 3 FTEE will be assigned to the Office of Budget and Finance (Controller). Funding of $403,000 will be transferred to the Office of ADA for Management and $122,000 to the Office of Controller. The new management office will perform an independent facilities management oversight function, formerly performed by the Office of Construction, while the Controller's office will have a strengthened construction budget oversight function.

The Department of Veterans Benefits (DVB) includes a modernization plan which will transfer 362 FTEE and $13,189,000 from the Office of Data Management and Telecommunications to DVB. This transfer will allow ADP program specialists to be closer aligned with DVB program specialists.

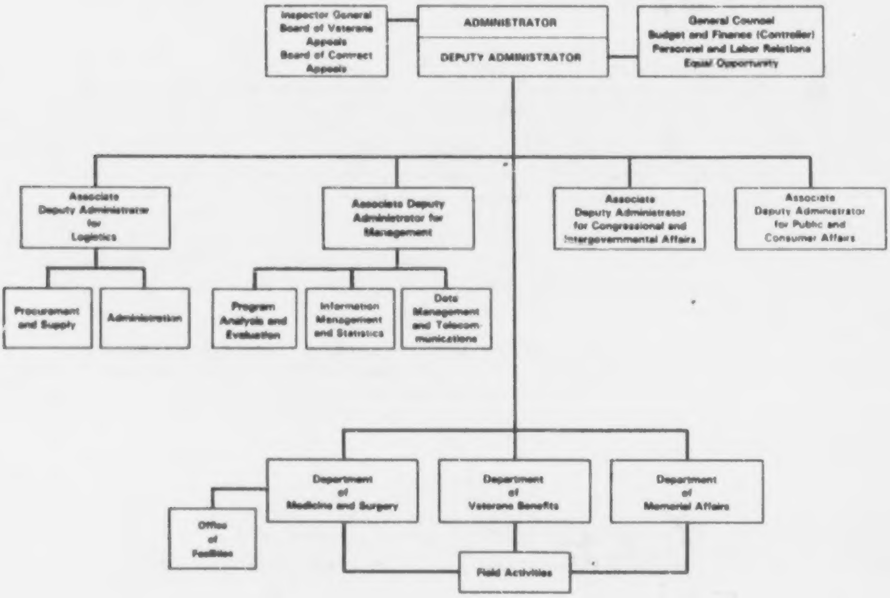
The St. Paul and Philadelphia insurance operations will be consolidated. This consolidation will show annual savings of $1.8 million and 38 FTEE when it is completed in FY 1988.

ORGANIZATION OF THE VETERANS ADMINISTRATION

The organization of the VA is designed so that veterans, beneficiaries and their surviving dependents will be provided the best possible service, with the greatest possible effectiveness and economy.

VA programs and operations are directed by the Administrator of Veterans Affairs, who is responsible to the President for the administration of veterans' services and benefits and the laws which govern them. Essentially, Agency operations are subdivided by major purpose into three major "departments", the heads of which report to the Administrator through the Deputy Administrator. Agency-level "staff offices" provide staff advice and assistance to the Administrator and Department heads.

VETERANS ADMINISTRATION


Inspector General
Board of Veterans Appeals
Board of Contract Appeals
ADMINISTRATOR
DEPUTY ADMINISTRATOR
General Counsel
Budget and Finance (Controller)
Personnel and Labor Relations
Equal Opportunity
Associate Deputy Administrator for Logistics
Associate Deputy Administrator for Management
Associate Deputy Administrator for Congressional and Intergovernmental Affairs
Associate Deputy Administrator for Public and Consumer Affairs
Procurement and Supply
Administration
Program Analysis and Evaluation
Information Management and Statistics
Data Management and Telecommunications
Department of Medicine and Surgery
Department of Veterans Benefits
Department of Memorial Affairs
Office of Facilities
Field Activities

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VETERANS ADMINISTRATION
MISSION & GOALS

The mission of the Veterans Administration is to serve America's veterans and their families with dignity and compassion and to be their principal advocate in ensuring that they receive the care, support and recognition earned in service to this Nation.

Medical

TO ENSURE *that quality medical care is provided on a timely basis within the law to all authorized veterans.*

Benefits

TO ENSURE *that an appropriate level of benefits is provided within the law to eligible veterans and beneficiaries.*

Memorial Affairs

TO ENSURE *that the memorial affairs of eligible veterans are appropriately provided for and conducted in a dignified manner which recognizes the honorable status of veterans.*

Leadership

TO SERVE *as the leader within the Federal Government on all matters directly affecting veterans and their families and to be their advocate in representing their just needs.*

Human

TO ENSURE *that the people of the Veterans Administration receive quality leadership, adequate compensation, decent working conditions, necessary training and education, equal opportunity, and earned recognition.*

Management

TO PROVIDE *timely, high quality health care, benefits, and services to veterans and their families as efficiently as possible.*

Harry N. Walters
ADMINISTRATOR OF VETERANS AFFAIRS

Everett Alvarez Jr.
DEPUTY ADMINISTRATOR

John W. Ditzler
CHIEF MEDICAL DIRECTOR

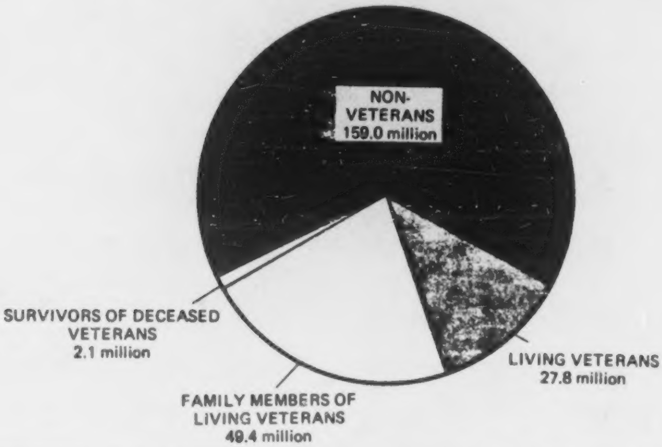
R J Vogel
CHIEF BENEFITS DIRECTOR

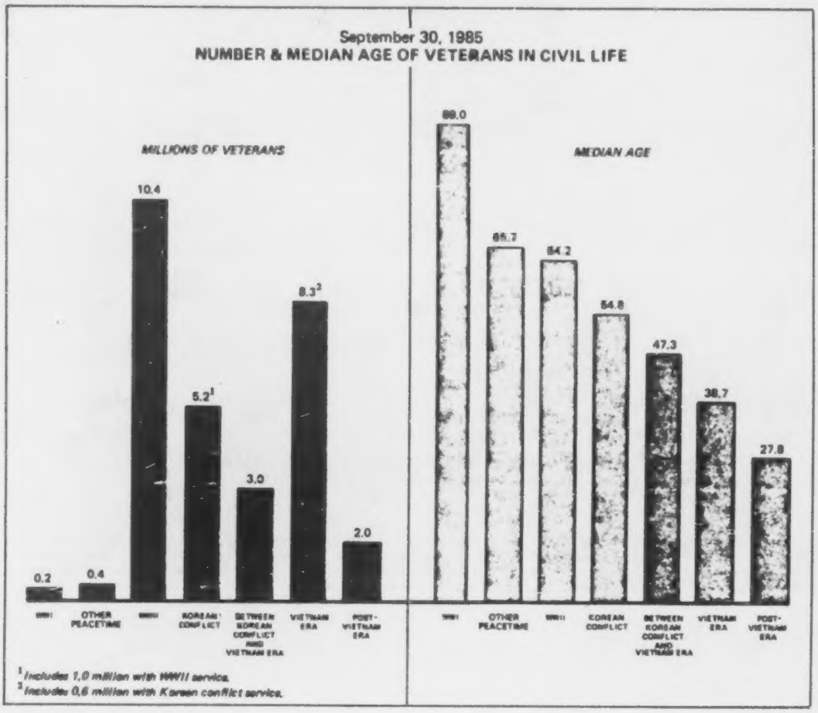
Paul T Bannai
CHIEF MEMORIAL AFFAIRS DIRECTOR

America is #1 Thanks to our Veterans

Veteran Population

On September 30, 1985 there were approximately 27.8 million veterans, 49.4 million family members of living veterans, and 2.1 million survivors of deceased veterans. Thus, 79.3 million, or 33.3% of the total population of the United States, were potential receipients of veterans benefits provided by the Federal Government.





September 30, 1985
NUMBER & MEDIAN AGE OF VETERANS IN CIVIL LIFE

[1] *Includes 1.0 million with WWII service.*

[2] *Includes 0.6 million with Korean conflict service.*

APPROPRIATION STRUCTURE

The Veterans Administration programs are funded through 17 appropriations, 9 revolving funds, an intragovernmental fund and 5 trust funds. These appropriations and funds are listed below with a brief description of the scope of the account:

Appropriation

COMPENSATION: Provides for compensation payments to service-connected disabled veterans and their survivors.

PENSIONS: Provides for pension payments subject to an income test to war-time veterans who are permanently and totally disabled and their survivors.

BURIAL BENEFITS AND MISCELLANEOUS ASSISTANCE: Provides burial and other benefits to veterans and their survivors.

READJUSTMENT BENEFITS: Education and training, for eligible veterans and dependents, as well as special assistance to disabled veterans.

EMERGENCY VETERANS JOB TRAINING: This program defrays the cost of training which provides incentives to employers to hire and train Vietnam era and Korean conflict veterans who have been unemployed for long periods of time.

REINSTATED ENTITLEMENT PROGRAM FOR SURVIVORS: This program restores benefits to certain surviving spouses or children of veterans who died of service-connected causes which occurred before August 13, 1981.

VETERANS INSURANCE AND INDEMNITIES: Payments for Servicemen's Indemnity, National Service Life Insurance, United States Government Life Insurance, and Service-Disabled Veterans Insurance Fund.

MEDICAL CARE: Provides for hospitalization, nursing home and domiciliary care, and outpatient care in VA facilities, contract care, and grants for State home care.

MEDICAL AND PROSTHETIC RESEARCH: Provides for medical research, rehabilitation research and health services research and development activities.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES: Provides for the administration of all medical programs of the VA, by central office staff.

ASSISTANCE FOR HEALTH MANPOWER TRAINING INSTITUTIONS: Provided health manpower training assistance through grants to medical schools and other affiliated health manpower training institutions and expansion of VA hospital education and training capacity.

CONSTRUCTION, MAJOR PROJECTS: For constructing, altering, extending and improving any VA facility, including planning, architectural and engineering services, and site acquisition where the estimated cost of a project is $2,000,000 or more or where funds for a project were made available in a previous major project appropriation.

CONSTRUCTION, MINOR PROJECTS: For constructing, altering, extending and improving any VA facility, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than $2,000,000. Also included is the funding for personnel and other expenses of the Office of Facilities.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES: Grants to assist the States in the acquisition or construction of State nursing home and domiciliary facilities and to remodel, modify or alter existing hospital, nursing home, and domiciliary facilities in State homes.

GRANTS TO THE REPUBLIC OF THE PHILIPPINES: Grants for assisting in the replacement and upgrading of equipment and in rehabilitating the physical plant and facilities of the Philippines Veterans Memorial Medical Center.

GENERAL OPERATING EXPENSES: For the administration of all VA non-medical benefits and support functions for the entire Agency. Includes the Department of Veterans Benefits, the Department of Memorial Affairs and the General Administration activities.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS CEMETERIES: Grants to aid the States in establishing, expanding, or improving State veterans cemeteries.

Revolving Funds

LOAN GUARANTY REVOLVING FUND: Established July 1, 1961 to fund the non-administrative expenses incident to the management, operation and sale of properties acquired when program borrowers fail to keep up their payments on VA guaranteed or insured loans. Revenue is derived from the sale of loans, as well as a loan origination fee.

DIRECT LOAN REVOLVING FUND: Direct loans for the purchase, construction or improvement of homes for veterans who require specially adapted housing as a result of a service-connected disability.

CANTEEN SERVICE REVOLVING FUND: Established in 1946 to fund a program to furnish merchandise and services to veterans in VA hospitals, nursing homes and domiciliaries.

SERVICE-DISABLED VETERANS INSURANCE FUND: Finances claim payments on non-participating policies issued to service-disabled veterans who served in the Armed Forces after April 25, 1951. Insures medically sub-standard veterans. Claim payments exceed premium receipts each year. Funds are derived mainly from premiums and payments from Veterans insurance and indemnities appropriation.

VETERANS REOPENED INSURANCE FUND: Established in 1965 as the financing mechanism for a program authorizing reopening of National Service Life Insurance for one year, for certain disabled veterans of World War II and the Korean conflict.

EDUCATION LOAN FUND: Established December 3, 1974 to provide education loans of up to $2,500 a school year for certain post-Korean veterans and certain dependents who are without sufficient funds to meet their expenses. This fund is financed by transfers from the Readjustment Benefits appropriation and from the collection of fees, principal, and interest on loans. Legislation has been transmitted to eliminate this program.

VOCATIONAL REHABILITATION REVOLVING FUND: Loans are made up to $620 to disabled veterans eligible for vocational rehabilitation who are without sufficient funds to meet their expenses. Payments are used to make new loans.

SERVICEMEN'S GROUP LIFE INSURANCE FUND: Established in 1965 as the financing mechanism to provide Group Life Insurance to members of the uniformed forces on active duty and certain members of the Reserves. Premiums, including the cost of administration, are deducted monthly from the Servicemen's pay and remitted by each uniformed service to the VA and in turn to the primary insurer. The Government contributes toward the military extra hazard cost by paying for all death claims over a certain maximum as defined by law.

SPECIAL THERAPEUTIC AND REHABILITATION ACTIVITIES FUND: Established October 21, 1976 to provide a mechanism for the furnishing of remunerative rehabilitative services to certain veterans who are receiving medical care and treatment from the Veterans Administration. The fund is self-sustaining.

Intragovernmental Fund

SUPPLY REVOLVING FUND: A self-sustaining revolving fund. Finances, on a reimbursable basis, the procurement of supplies, equipment and service for the VA and other Government agencies; operation of three Supply Depots; and the VA publications program which provides forms for VA installations on a centralized basis.

Trust Funds

POST-VIETNAM ERA VETERANS EDUCATION ACCOUNT: Consists of voluntary contributions by eligible servicepersons and Department of Defense matching contributions on behalf of specific servicepersons. The account serves as a depository and disbursing account for the contributory-matching education program which provides educational assistance payments to participants who entered the service on or after January 1, 1977 and are pursuing training under chapter 32 (38 U.S.C.).

GENERAL POST FUND: Consists of gifts, bequests, and proceeds from the sale of property left in the care of VA facilities by former beneficiaries, and proceeds from effects of such beneficiaries who die leaving no heirs or without having otherwise disposed of their estates. Such funds are used to promote the comfort and welfare of veterans at hospitals and homes where no general appropriation is available.

NATIONAL SERVICE LIFE INSURANCE FUND: Started in 1940 as the financing mechanism for World War II insurance. Closed to new issues in 1951. Income derived from premiums, interest on investments and transfers from Veterans insurance and indemnities appropriation.

UNITED STATES GOVERNMENT LIFE INSURANCE FUND: Started in 1919 as the financing mechanism for converted insurance issued under War Risk Insurance Act of 9/2/14, as amended. Closed to new issues April 1951. Income derived from interest on investments and transfers from Veterans insurance and indemnities appropriation.

VETERANS SPECIAL LIFE INSURANCE FUND: Finances the payment of claims for the insurance program authorized for insurable veterans who served after April 1951, and before January 1, 1957. Income is derived mainly from premiums and interest on investments.

PART 24. 1987 BUDGET SUMMARIES

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EFFECTS OF P.L. 99-177 ON 1986

The Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177), or Gramm-Rudman-Hollings, will take effect during 1986. While veterans compensation and pensions benefits are exempt from this legislation, the effects of Gramm-Rudman-Hollings on the accounts which are non-exempt show a 4.3% decrease in outlays with the exception of Medical care, which is partially exempt. The table shows a total reduction of $196.5 million in outlays and $234 million in budget authority for 1986. It is expected these reductions will be absorbed without impacting on the delivery of medical care and veterans benefits. An employee reduction-in-force or furlough is not planned at this time.

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST

(dollars in thousands)

	BUDGET ESTIMATE	P.L. 99-160 WITH ADJ.	P.L. 99-177 ADJ.	CURRENT ESTIMATE	CURRENT ESTIMATE VS BUDGET
Benefits programs:					
Compensation					
Budget authority	$10,186,000	$10,465,000	...	$10,465,000	$+ 279,000
Outlays	10,194,000	10,453,000	...	10,453,000	+ 259,000
Pensions					
Budget authority	3,838,000	3,834,000	...	3,834,000	- 4,000
Outlays	3,833,000	3,835,000	...	3,835,000	+ 2,000
Burial benefits					
Budget authority	136,800	133,800	$- 5,801	127,999	- 8,801
Outlays	136,800	133,800	- 5,793	128,007	- 8,793
Readjustment benefits					
Budget authority	1,026,000	917,000	- 39,431	877,569	- 148,431
Outlays	1,034,500	949,100	- 38,678	910,422	- 124,078
Reinstatement entitlement program for survivors					
Outlays	...	14,970	...	14,970	+ 14,970
Veterans' job training					
Outlays	35,000	49,200	...	49,200	+ 14,200
Veterans insurance and indemnities					
Budget authority	9,750	9,750	- 5	9,745	- 5
Direct loan limitation	85	115	- 5	110	+ 25
Outlays	9,750	9,750	- 5	9,745	- 5
Loan guaranty revolving fund					
Budget authority	404,600	200,000	...	200,000	- 204,600
Guaranteed loan limitation	14,933,000	12,084,543	-515,420	11,569,123	-3,363,877
Outlays	383,500	280,100	+ 5,350	285,450	- 98,050
Direct loan revolving fund					
Direct loan limitation	454	278	- 43	235	- 219
Outlays	-45,600	-44,730	- 10	-44,740	+ 860
Service-disabled veterans insurance fund					
Direct loan limitation	9,280	6,911	- 297	6,614	- 2,666
Outlays	1,000	-290	- 297	-587	- 1,587
Veterans reopened insurance fund					
Direct loan limitation	8,880	5,970	- 257	5,713	- 3,167
Outlays	46,400	43,860	- 257	43,603	- 2,797
Education loan fund					
Direct loan limitation	44	50	- 2	48	+ 4
Outlays	-7,500	-6,898	- 2	-6,900	+ 600
Vocational rehabilitation revolving fund					
Direct loan limitation	1,202	1,069	- 46	1,023	- 179
Outlays	-26	-7	- 23	-30	- 4
Servicemen's group life insurance					
Outlays	20,100	25,300	...	25,300	+ 5,200
Total benefit programs					
Budget authority	15,601,150	15,559,550	- 45,237	15,514,313	- 86,837
Direct loan limitation	19,945	14,393	- 650	13,743	- 6,202
Guaranteed loan limitation	14,933,000	12,084,543	-515,420	11,569,123	-3,363,877
Outlays	15,640,924	15,742,155	- 39,715	15,702,440	+ 61,516

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST

(dollars in thousands)

	BUDGET ESTIMATE	P.L. 99-160 WITH ADJ.	P.L. 99-177 ADJ.	CURRENT ESTIMATE	CURRENT ESTIMATE VS BUDGET
Medical programs:					
Medical care					
Budget authority	9,292,974	9,247,694	-117,557	9,130,137	- 162,837
Outlays	9,254,674	9,171,447	-103,887	9,067,560	- 187,114
Average employment	192,048	193,941	- 1,306	192,635	+ 587
Medical and prosthetic research					
Budget authority	191,370	189,265	- 8,138	181,127	- 10,243
Outlays	191,370	188,046	- 6,555	181,491	- 9,879
Average employment	4,348	4,388	- 20	4,368	+ 20
MAMOE					
Budget authority	57,119	53,524	- 2,302	51,222	- 5,897
Outlays	58,619	57,386	- 1,755	55,631	- 2,988
Average employment	753	678	- 14	664	- 89
Grants for construction of state extended care facilities					
Budget authority	22,000	21,758	- 936	20,822	- 1,178
Outlays	24,125	20,148	...	20,148	- 3,977
Grant to the Republic of the Philippines					
Budget authority	500	495	- 21	474	- 26
Outlays	500	1,070	- 7	1,063	+ 563
Assistance for health manpower					
Outlays		1,680	...	1,680	+ 1,680
Canteen service revolving fund					
401(C) authority-off. coll.	197,824	190,414	- 8,104	182,310	- 15,514
Outlays	-307	2,693	- 8,104	-5,411	- 5,104
Average employment	3,530	3,530	...	3,530	...
Special therapeutic and rehabilitation activities fund					
401(C) authority-off. coll.	2,325	2,325	- 100	2,225	- 100
Outlays	-10	-30	- 100	-130	- 120
Total medical programs					
Budget authority	9,563,963	9,512,736	-128,954	9,383,782	- 180,181
401(C) authority-off. coll.	200,149	192,739	- 8,204	184,535	- 15,614
Outlays	9,528,971	9,442,440	-120,408	9,322,032	- 206,939
Average employment	200,679	202,537	- 1,340	201,197	+ 518
Construction programs:					
Construction, major projects					
Budget authority	417,200	507,360	- 21,816	485,544	+ 68,344
Outlays	581,100	425,452	- 648	424,804	- 156,296
Average employment	30	50	...	50	+ 20
Construction, minor projects					
Budget authority	194,400	136,950	- 5,989	131,061	- 63,339
Outlays	156,700	131,955	- 1,678	130,277	- 26,423
Average employment	780	747	- 13	734	- 46
Total construction programs					
Budget authority	611,600	644,310	- 27,705	616,605	+ 5,005
Outlays	737,800	557,407	- 2,326	555,081	- 182,719
Average employment	810	797	- 13	784	- 26
General operating expenses and Miscellaneous:					
General operating expenses					
Budget authority	768,250	744,864	- 32,029	712,835	- 55,415
Outlays	767,694	744,466	- 29,041	715,425	- 52,269
Average employment	18,681	18,793	- 492	18,301	- 380
Grants for construction of State veterans cemeteries					
Budget authority	3,000	2,967	- 128	2,839	- 161
Outlays	2,600	2,600	...	2,600	...
Supply fund					
Average employment	613	613	...	613	...
Total GOE and miscellaneous					
Budget authority	771,250	747,831	- 32,157	715,674	- 55,576
Outlays	770,294	747,066	- 29,041	718,025	- 52,269
Average employment	19,294	19,406	- 492	18,914	- 380

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST

(dollars in thousands)

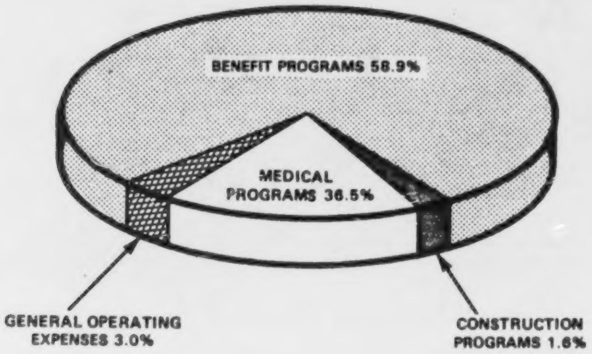
	BUDGET ESTIMATE	P.L. 99-160 WITH ADJ.	P.L. 99-177 ADJ.	CURRENT ESTIMATE	CURRENT ESTIMATE VS BUDGET
Trust funds:					
Post-Vietnam era veterans education account					
Budget authority	171,000	441,600	...	441,600	+ 270,600
Outlays	211,000	231,000	...	231,000	+ 20,000
General post fund					
Budget Authority	15,000	13,500	...	13,500	- 1,500
Outlays	13,500	12,500	...	12,500	- 1,000
National service life insurance fund					
Budget Authority	1,297,200	1,360,800	...	1,360,800	+ 63,600
Direct loan limitation	121,050	102,610	- 4,412	98,198	- 22,852
Outlays	1,042,700	1,071,000	- 4,412	1,066,588	+ 23,888
United states government life insurance fund					
Budget Authority	18,800	19,220	...	19,220	+ 420
Direct loan limitation	1,670	1,630	- 70	1,560	- 110
Outlays	45,700	44,300	- 70	44,230	- 1,470
Veterans special life insurance fund					
Direct loan limitation	15,090	11,870	- 510	11,360	- 3,730
Outlays	-64,500	-71,400	- 510	-71,910	- 7,410
Total trust fund					
Budget Authority	1,502,000	1,835,120	...	1,835,120	+ 333,120
Direct loan limitation ...	137,810	116,110	- 4,992	111,118	- 26,692
Outlays	1,248,400	1,287,400	- 4,992	1,282,408	+ 34,008
Proprietary Receipts:					
General post fund					
Budget Authority	-101,800	-270,800	...	-270,800	- 169,000
Outlays	-101,800	-270,800	...	-270,800	- 169,000
GI Bill					
Budget Authority	...	-151,285	...	-151,285	- 151,285
Outlays	...	-151,285	...	-151,285	- 151,285
National service life insurance fund					
Budget Authority	-413,450	-435,700	...	-435,700	- 22,250
Outlays	-413,450	-435,700	...	-435,700	- 22,250
Proposed legislation:					
Third Part Reimbursements					
Budget Authority	-65,000	-10,400	...	-10,400	+ 54,600
Outlays	-65,000	-10,400	...	-10,400	+ 54,600
Total proprietary receipts					
Budget authority	-580,250	-868,185	...	-868,185	- 287,935
Outlays	-580,250	-868,185	...	-868,185	- 287,935
Intragovernment Transactions:					
Post-Vietnam era veterans education account					
Budget Authority	-69,200	-170,800	...	-170,800	- 101,600
Outlays	-69,200	-170,800	...	-170,800	- 101,600
National service life insurance fund					
Budget Authority	-1,720	-2,617	...	-2,617	- 897
Outlays	-1,720	-2,617	...	-2,617	- 897
United States government life insurance fund					
Budget authority	-21	-19	...	-19	+ 2
Outlays	-21	-19	...	-19	+ 2
Total intragovernment transactions					
Budget Authority	-70,941	-173,436	...	-173,436	- 102,495
Outlays	-70,941	-173,436	...	-173,436	- 102,495

CHANGES FROM ORIGINAL 1986 PRESIDENT'S BUDGET REQUEST

(dollars in thousands)

	BUDGET ESTIMATE	P.L. 99-160 WITH ADJ.	P.L. 99-177 ADJ.	CURRENT ESTIMATE	CURRENT ESTIMATE VS BUDGET
Total, Veterans Administration					
Budget Authority	$27,398,772	$27,257,926	$-234,053	$27,023,873	$- 374,899
401(C) Authority - Off. coll.	$ 200,149	$ 192,739	$- 8,204	$ 184,535	$- 15,614
Direct loan limitation	$ 157,755	$ 130,503	$- 5,642	$ 124,861	$- 32,894
Guaranteed loan limitation .	$14,933,000	$12,084,543	$-515,420	$11,569,123	$-3,363,877
Outlays	$27,275,198	$26,734,847	$-196,482	$26,538,365	$- 736,833
Average employment	220,783	222,740	- 1,842	220,895	+ 112

1987
Appropriation Request



AMOUNT

(dollars in thousands)

Benefit Programs	$15,110,320
Medical Programs	9,358,492
Construction Programs	408,170
General Operating Expenses and Misc.	762,579
TOTAL, VA	$25,639,561

APPROPRIATIONS
(dollars in thousands)

Appropriation/Fund Account	1985	1986	1987	Increase (+) Decrease (-)
Benefits Programs:				
Compensation and pensions	$14,174,900	$14,426,999	...	$-14,426,999
Compensation	...	...	$10,406,000	+10,406,000
Pensions	...	...	3,824,000	+ 3,824,000
Burial benefits and miscellaneous assistance	...	...	134,400	+ 134,400
Readjustment benefits	1,130,800	877,569	741,150	- 136,419
Veterans insurance and indemnities	11,000	9,745	4,770	- 4,975
Loan guaranty revolving fund	306,600	200,000	...	- 200,000
Total benefit programs	15,623,300	15,514,313	15,110,320	- 403,993
Medical programs:				
Medical care	8,941,169	9,130,137	9,083,983	- 46,154
Medical and prosthetic research	192,695	181,127	188,915	+ 7,788
Medical administration and miscellaneous operating expenses	67,891	51,222	42,694	- 8,528
Grants for construction of State extended care facilities	34,500	20,822	42,400	+ 21,578
Grants to the Republic of the Philippines	500	474	500	+ 26
Total medical programs	9,236,755	9,383,782	9,358,492	- 25,290
Construction programs:				
Construction, major projects	568,194	485,544	301,208	- 184,336
Construction, minor projects	199,823	131,061	106,962	- 24,099
Total construction programs	768,017	616,605	408,170	- 208,435
General Operating Expenses and Miscellaneous				
General Operating Expenses	753,954	712,835	762,579	+ 49,744
Grants for the construction of State veterans cemeteries	5,000	2,839	...	- 2,839
Total GOE and Miscellaneous	758,954	715,674	762,579	+ 46,905
Total appropriations	$26,387,026	$26,230,374	$25,639,561	$- 590,813

APPROPRIATIONS-RECONCILIATION

(dollars in thousands)

Appropriation/Fund Account	1985	1986	1987
Compensation and pensions, appropriation	$14,167,900	$14,432,800	...
Comparative transfer to compensation	-10,019,300	-10,458,000	...
Comparative transfer to pensions	-4,006,400	-3,838,000	...
Comparative transfer to burial benefits and miscellaneous assistance	-142,200	-136,800	...
Appropriation, adjusted	...	...	...
Compensation, appropriation	...	...	$10,406,000
Comparative transfer from compensation and pensions	10,019,300	10,458,000	...
Tranfer to readjustment benefits	-18,000	...	...
Transfer from readjustment benefits	+25,000	...	...
Transfer from pensions	+196,530	+4,000	...
Transfer from burial benefits and miscellaneous assistance	+9,628	+3,000	...
Appropriation, adjusted	10,232,458	10,465,000	10,406,000
Pensions, appropriation	...	...	3,824,000
Comparative transfer from compensation and pensions	4,006,400	3,838,000	...
Transfer to compensation	-196,530	-4,000	...
Appropriation, adjusted	3,809,870	3,834,000	3,824,000
Burial benefits and miscellaneous assistance, appropriation	...	...	134,400
Comparative transfer from compensation and pensions	142,200	136,800	...
Transfer to compensation	-9,628	-3,000	...
Sequestered pursuant to P.L. 99-177	...	-5,801	...
Appropriation, adjusted	132,572	127,999	134,400
Readjustment benefits, appropriation	1,137,800	917,000	741,150
Transfer to compensation	-25,000	...	...
Transfer from compensation	18,000	...	...
Sequestered pursuant to P.L. 99-177	...	-39,431	...
Appropriation, adjusted	1,130,800	877,569	741,150
Veterans insurance and indemnities, appropriation	11,000	9,750	4,770
Sequestered pursuant to P.L. 99-177	...	-5	...
Appropriation, adjusted	11,000	9,745	4,770
Loan guaranty revolving fund, appropriation	306,600	200,000	...
Medical care, appropriation	8,941,169	9,255,694	9,083,983
Transfer to general operating expenses	...	-8,000	...
Sequestered pursuant to P.L. 99-177	...	-117,557	...
Appropriation, adjusted	8,941,169	9,130,137	9,083,983

APPROPRIATIONS-RECONCILIATION, CONT'D

(dollars in thousands)

Appropriation/Fund Account	1985	1986	1987
Medical and prosthetic research, appropriation	154,839	191,370	188,915
Reduction pursuant to P.L. 99-160	...	-2,105	...
Sequestered pursuant to P.L. 99-177	...	-8,138	...
Appropriation, adjusted	192,695	181,127	188,915
Medical administration and miscellaneous operating expenses, appropriation	67,891	57,119	42,694
Reduction pursuant to P.L. 99-160	...	-3,595	...
Sequestered pursuant to P.L. 99-177	...	-2,302	...
Appropriation, adjusted	67,891	51,222	42,694
Grants for construction of State extended care facilities, appropriation	34,500	22,000	42,400
Reduction pursuant to P.L. 99-160	...	-242	...
Sequestered pursuant to P.L. 99-177	...	-936	...
Appropriation, adjusted	34,500	20,822	42,400
Grants to the Republic of the Philippines, appropriation	500	500	500
Reduction pursuant to P.L. 99-160	...	-5	...
Sequestered pursuant to P.L. 99-177	...	-21	...
Appropriation, adjusted	500	474	500
Construction, major projects, appropriation	568,194	507,360	301,208
Sequestered pursuant to P.L. 99-177	...	-21,816	...
Appropriation, adjusted	568,194	485,544	301,208
Construction, minor projects, appropriation	199,823	144,400	106,962
Reduction pursuant to P.L. 99-160	...	-7,450	...
Sequestered pursuant to P.L. 99-177	...	-5,889	...
Appropriation, adjusted	199,823	131,061	106,962
General operating expenses, appropriation	753,954	760,060	762,579
Transfer from medical care	...	+8,000	...
Reduction pursuant to P.L. 99-160	...	-23,196	...
Sequestered pursuant to P.L. 99-177	...	-32,029	...
Appropriation, adjusted	753,954	712,835	762,579
Grants for construction of State veterans cemeteries, appropriation	5,000	3,000	...
Reduction pursuant to P.L. 99-160	...	-33	...
Sequestered pursuant to P.L. 99-177	...	-128	...
Appropriation, adjusted	5,000	2,839	...
Veterans Administration, appropriations	$26,387,026	$26,230,374	$25,639,561

BUDGET AUTHORITY
(dollars in thousands)

Appropriation/Fund Account	1985	1986	1987	Incr. (+) Decr. (-)
Federal funds:				
Benefit programs:				
Compensation	$10,232,438	$10,465,000	$10,406,000	$- 59,000
Pensions	3,809,870	3,834,000	3,824,000	- 10,000
Burial benefits and miscellaneous assistance	132,372	127,999	134,400	+ 6,401
Readjustment benefits	1,130,800	877,569	741,150	-136,419
Veterans insurance and indemnities	11,000	9,745	4,770	- 4,975
Loan guaranty revolving fund	306,600	200,000	...	-200,000
Total benefit programs	15,623,300	15,514,313	15,110,320	-403,993
Medical programs:				
Medical care	8,941,169	9,130,137	9,083,983	- 46,154
Medical and prosthetic research	192,695	181,127	188,915	+ 7,788
Medical administration and miscellaneous operating expenses	67,091	51,222	42,694	- 8,528
Grants for construction of State extended care facilities	34,500	20,822	42,400	+ 21,578
Grants to the Republic of the Philippines	500	474	500	+ 26
Total medical programs	9,236,755	9,383,782	9,358,492	- 25,290
Construction programs:				
Construction, major projects	568,194	485,544	301,208	-184,336
Construction, minor projects	199,823	131,061	106,962	- 24,099
Total construction programs	768,017	616,605	408,170	-208,435
General operating expenses & Miscellaneous				
General operating expenses	753,954	712,835	762,579	+ 49,744
Grants for the construction of State veterans cemeteries	5,000	2,839	...	- 2,839
Total GOE & miscellaneous	758,954	715,674	762,579	+ 46,905
Total appropriations, adjusted	26,387,026	26,230,374	25,639,561	-590,813
Proposed legislation:				
Compensation	...	...	305,500	+305,500
Burial benefits	...	...	-31,200	- 31,200
Medical care	...	...	2,327	+ 2,327
General operating expenses	...	...	952	+ 952
Post-Vietnam era veterans education account	...	...	59,200	+ 59,200
Proprietary receipts from the public	...	-10,400	-161,883	-151,483
Total proposed legislation	...	-10,400	174,896	+185,296
Total federal funds	26,387,026	26,219,974	25,814,457	-405,517
Trust Funds:				
Post-Vietnam era veterans education account	290,399	441,600	293,500	-148,100
General post fund	11,521	13,500	14,500	+ 1,000
National service life insurance	1,304,888	1,360,800	1,392,900	+ 32,100
U.S. Government life insurance	21,556	19,220	17,320	- 1,900
Total trust funds (gross)	1,628,364	1,835,120	1,718,220	-116,900
Proprietary receipts from the public	-636,704	-857,785	-732,643	+125,142
Total trust funds (net)	991,660	977,335	985,577	+ 8,242
Intragovernmental transactions	-80,412	-173,436	-184,576	- 11,140
Total Veterans Administration	$27,298,274	$27,023,873	$26,615,458	$-408,415

ANALYSIS OF BUDGET AUTHORITY

(dollars in thousands)

	1985	1986	1987
A. Requiring action by the Congress:			
1. Requested in this budget:			
a. Appropriations	...	...	$25,639,561
b. Supplemental appropriations	...	$363,000	...
2. Proposed for later transmittal:			
a. Proposed legislation not included in appropriations request	...	...	336,779
b. Proprietary receipts from the public	...	-10,400	-161,883
Total requiring action by the Congress	...	352,600	25,814,457
B. Available without further action by the Congress:			
1. Current authorization:			
a. Appropriated	$26,387,026	26,101,427	...
b. Sequestration, P.L. 99-177 1/..........	..	-234,053	...
2. Permanent authorization:			
a. Trust funds	1,628,364	1,835,120	1,718,220
Total available without further action by the Congress	28,015,390	27,702,494	1,718,220
C. Less adjustment for proprietary receipts from the public and intragovernmental transactions	-717,116	-1,031,221	-917,219
Total budget authority	$27,298,274	$27,023,873	$26,615,458

1/ Under the provisions of the Balanced Budget and Emergency Deficit Control Act of 1985, Public Law 99-177, the Veterans Administration's budget authority was reduced by $234,053,000 in 1986. Congress has the authority to reprogram within this total reduction.

BUDGET AUTHORITY INCLUDED IN APPROPRIATIONS REQUIREMENTS

Available to date	$26,387,026	$25,867,374	...
Requested in this budget	...	363,000	$25,976,340
Total appropriations requirements (adjusted)	$26,387,026	$26,230,374	$25,976,340

OUTLAYS
(dollars in thousands)

Appropriation/Fund Account	1985	1986	1987	Incr. (+) Decr. (-)
Federal funds:				
Benefit programs:				
Compensation	$10,243,044	$10,453,000	$10,415,000	$- 38,000
Pensions	3,841,865	3,835,000	3,825,000	- 10,000
Burial benefits and miscellaneous assistance	132,572	128,007	134,392	+ 6,385
Readjustment benefits	1,173,667	910,422	754,897	-155,525
Veterans insurance and indemnities	10,916	9,745	4,770	- 4,975
Reinstated entitlement program for survivors	-15,326	14,970	...	- 14,970
Emergency veterans job training	68,838	49,200	5,384	- 43,816
Loan guaranty revolving fund	278,462	285,450	148,900	-136,550
Direct loan revolving fund	-40,675	-44,740	-43,453	+ 1,287
Service-disabled veterans insurance fund	-3,168	-587	5,120	+ 5,707
Veterans reopened insurance fund	11,417	43,603	-4,540	- 48,143
Education loan fund	-6,325	-6,900	-6,657	+ 243
Vocational rehabilitation revolving fund	-41	-30	10	+ 40
Servicemen's group life insurance fund	-19,750	25,300	35,100	+ 9,800
Total benefit programs	15,675,496	15,702,440	15,273,923	-428,517
Medical programs:				
Medical care	8,721,690	9,067,560	8,960,952	-106,608
Medical and prosthetic research	215,124	181,491	187,332	+ 5,841
Medical administration and miscellaneous operating expenses	65,571	55,631	43,952	- 11,679
Grants for construction of State extended care facilities	20,364	20,148	25,504	+ 5,356
Grants to the Republic of the Philippines	339	1,063	486	- 577
Assistance for health manpower training institutions	2,171	1,680	...	- 1,680
Canteen service revolving fund	-11,027	-5,411	1,474	+ 6,885
Special therapeutic and rehabilitation activities fund	-112	-130	-30	+ 100
Total medical programs	9,014,120	9,322,032	9,219,670	-102,362
Construction programs:				
Construction, major projects	397,966	424,804	536,688	+111,884
Construction, minor projects	123,512	130,277	150,340	+ 20,063
Total construction program	521,478	555,081	687,028	+131,947
General operating expenses & Miscellaneous:				
General operating expenses	724,048	715,425	758,945	+ 43,520
Grants for the construction of State veterans cemeteries	534	2,600	372	- 2,228
Supply fund	-14,543	...	...	...
Total GOE & miscellaneous	710,039	718,025	759,317	+ 41,292
Total appropriations & funds	25,921,133	26,297,578	25,939,938	-357,640

OUTLAYS, CONT'D

(dollars in thousands)

Appropriation/Fund Account	1985	1986	1987	Incr. (+) Decr. (-)
Proposed legislation:				
Compensation	...	...	275,000	+275,000
Burial benefits	...	...	-31,200	- 31,200
Loan guaranty revolving fund	...	...	-131,800	-131,800
Education loan fund	...	...	-44	- 44
Medical care	...	...	2,327	+ 2,327
General operating expenses	...	...	952	+ 952
Proprietary receipts from the public	...	-10,400	-161,883	-151,483
Total proposed legislation	...	-10,400	-46,648	- 36,248
Total federal funds	25,921,133	26,287,178	25,893,290	-393,888
Trust funds:				
Post-Vietnam era veterans education account	182,458	231,000	217,800	- 13,200
General post fund	11,400	12,500	13,500	+ 1,000
National service life insurance	955,965	1,066,588	1,170,400	+103,812
U.S. Government life insurance	45,698	44,230	41,200	- 3,030
Veterans special life insurance	-66,823	-71,910	-66,300	+ 5,610
Total trust funds (gross)	1,128,698	1,282,408	1,376,600	+ 94,192
Proprietary receipts from the public	-636,704	-857,785	-732,643	+125,142
Total trust funds (net)	491,994	424,623	643,957	+219,334
Intragovernmental transactions	-80,412	-173,436	-184,576	- 11,140
Total Veterans Administration	$26,332,715	$26,538,365	$26,352,671	$-185,694

PROPOSED LEGISLATION
(dollars in thousands)

The following items with budgetary impact are included in the President's legislative program for the Second Session of the 99th Congress.

	FY 1986		FY 1987	
	Budget Authority	Budget Outlays	Budget Authority	Budget Outlays
Proposed legislation included in appropriation request:				
Compensation:				
o Cost-of-living (COLA) increase of 3.7 percent, effective December 1, 1986	...	...	$+305,500	$+275,000
Burial benefits and miscellaneous assistance:				
o Change eligibility for plot allowances to be consistent with the eligibility requirements for the basic burial allowance	...	...	-31,200	-31,200
Loan Guaranty:				
o Legislative savings to increase the loan origination fee from 1 percent to 2 percent (phased increases to 3.8 percent by 1990)	...	...	...	-131,800
Education Loan Fund:				
o Repeal the authority that permits the VA to make education loans, effective October 1, 1986	...	...	...	-44
Medical Care:				
o To provide (1) authority to contract for home health services and; (2) resources for the administrative costs of implementing the legislative proposal to reform medical care eligibility for non-service connected veterans based on a means test	...	...	+2,327	+2,327
General operating expenses:				
o To provide resources for General Counsel to recover or collect from health insurance policies, the cost of medical care for non-service-connected disabilities	...	...	+952	+952
Proprietary Receipts:				
o To effect reimbursement from third party insurance carriers, for cost of medical care and treatment to veterans with non-service connected disabilities, effective April 1, 1985	$-10,400	$+10,400	-187,500	-187,500
Close All Volunteer Force GI Bill to Enrollees:				
o Post-Vietnam era veterans eduction account:				
o Reopen the Post-Vietnam Era program for new enrollees on October 1, 1986	...	...	+59,200	...
o Proprietary Receipts:				
o Increase collection into Post-Vietam Era program	...	...	-59,200	-59,200
o Close program to new personnel on October 1, 1986	...	...	+84,817	+84,817
Total, proposed legislation	$-10,400	$+10,400	$+174,896	$-46,648

FUNCTIONAL DISTRIBUTION OF BUDGET AUTHORITY

(dollars in thousands)

Function and Program	1985	1986	1987	Incr. (+) Decr. (-)
701: Income security for veterans:				
Compensation	$10,232,458	$10,465,000	$10,406,000	$- 59,000
Proposed legislation	...	...	305,500	+305,500
Pensions	3,809,870	3,834,000	3,824,000	- 10,000
Burial benefits and miscellaneous assistance	132,572	127,999	134,400	+ 6,401
Proposed legislation	...	...	-31,200	- 31,200
Veterans insurance and indemnities	11,000	9,745	4,770	- 4,975
National service life insurance	1,304,888	1,360,800	1,392,900	+ 32,100
U.S. Government life insurance	21,556	19,220	17,320	- 1,900
NSLI & USGLI receipts	-423,194	-438,336	-437,918	+ 418
Subtotal, income security for veterans	15,089,150	15,378,428	15,615,772	+237,344
702: Veterans education, training and rehabilitation:				
Readjustment benefits	1,130,800	877,569	741,150	-136,419
Post-Vietnam era veterans education account	290,399	441,600	293,500	-148,100
Proposed legislation	...	...	59,200	+ 59,200
Post-Vietnam era veterans education, receipts	-290,399	-441,600	-293,500	+148,100
Proposed legislation	...	...	-59,200	- 59,200
Subtotal, veterans education, training and rehabilitation	1,130,800	877,569	741,150	-136,419
703: Hospital and medical care for veterans:				
Medical care	8,941,169	9,130,137	9,083,983	- 46,154
Proposed legislation	...	...	2,327	+ 2,327
Medical and prosthetic research	192,695	181,127	188,915	+ 7,788
Medical administration and miscellaneous operating expenses	67,891	51,222	42,694	- 8,528
Construction, major projects	568,194	485,544	301,208	-184,336
Construction, minor projects	199,823	131,061	106,962	- 24,099
Grants for construction of State extended care facilities	34,500	20,822	42,400	+ 21,578
Grants to the Republic of the Philippines	500	474	500	+ 26
Subtotal, hospital and medical care for veterans	10,004,772	10,000,387	9,768,989	-231,398
704: Veterans housing:				
Loan guaranty revolving fund	306,600	200,000	...	-200,000
Subtotal, veterans housing	306,600	200,000	...	-200,000
705: Other veterans benefits and services:				
Grants for the construction of State veterans cemeteries	5,000	2,839	...	- 2,839
General post fund	11,521	13,500	14,500	+ 1,000
General operating expenses	753,954	712,835	762,579	+ 49,744
Proposed legislation	...	...	952	+ 952
Subtotal, other veterans benefits and services	770,475	729,174	778,031	+ 48,857
Deduction for offsetting receipts	-3,523	-151,285	-185,801	- 34,516
Proposed legislation	...	-10,400	-102,683	- 92,283
Total, function 700 distribution of VA estimates	27,298,274	27,023,873	26,615,458	-408,415
Deduction for offsetting receipts (function 902)	-904,331	-942,484	-973,102	- 30,618
Total, Veterans Administration	$26,393,943	$26,081,389	$25,642,356	$-439,033

FUNCTIONAL DISTRIBUTION OF OUTLAYS

(dollars in thousands)

Function and Program	1985	1986	1987	Incr. (+) Decr. (-)
701: Income security for veterans:				
Compensation	$10,243,044	$10,453,000	$10,415,000	$- 38,000
Proposed legislation	...	...	275,000	+275,000
Pensions	3,841,865	3,835,000	3,825,000	- 10,000
Burial benefits and miscellaneous assistance	132,572	128,007	134,392	+ 6,385
Proposed legislation	...	...	-31,200	- 31,200
Veterans insurance and indemnities	10,916	9,745	4,770	- 4,975
Reinstated entitlement program for survivors	-15,326	14,970	...	- 14,970
Service-disabled veterans insurance	-3,168	-587	5,120	+ 5,707
Veterans reopened insurance	11,417	43,603	-4,540	- 48,143
Servicemen's group life insurance	-19,750	25,300	35,100	+ 9,800
National service life insurance	955,965	1,066,588	1,170,400	+103,812
U.S. Government life insurance	45,698	44,230	41,200	- 3,030
Veterans special life insurance	-66,823	-71,910	-66,300	+ 5,610
NSLI & USGLI receipts	-423,194	-438,336	-437,918	+ 418
Subtotal, income security for veterans	14,713,216	15,109,610	15,366,024	+256,414
702: Veterans education, training and rehabilitation:				
Readjustment benefits	1,173,667	910,422	754,897	-155,525
Emergency veterans job training	68,838	49,200	5,384	- 43,816
Education loan fund	-6,325	-6,900	-6,657	+ 243
Proposed legislation	...	...	-44	- 44
Vocational rehabilitation fund	-41	-30	10	+ 40
Post-Vietnam era veterans education account	182,458	231,000	217,800	- 13,200
PVEVEA receipts	-290,399	-441,600	-293,500	+148,100
Proposed legislation	...	...	-59,200	- 59,200
Subtotal, veterans education, training and rehabilitation	1,128,198	742,092	618,690	-123,402
703: Hospital and medical care for veterans:				
Medical care	8,721,690	9,067,560	8,960,952	-106,608
Proposed legislation	...	...	2,327	+ 2,327
Medical and prosthetic research	215,124	181,491	187,332	+ 5,841
Medical administration and miscellaneous operating expenses	65,571	55,631	43,952	- 11,679
Construction, major projects	397,966	424,804	536,688	+111,884
Construction, minor projects	123,512	130,277	150,340	+ 20,063
Grants for construction of State extended care facilities	20,364	20,148	25,504	+ 5,356
Grants to the Republic of the Philippines	339	1,063	486	- 577
Assistance for health manpower training institutions	2,171	1,680	...	- 1,680
Special therapeutic & rehabilitation activities fund	-112	-130	-30	+ 100
Subtotal, hospital and medical care for veterans	9,546,625	9,882,524	9,907,551	+ 25,027
704: Veterans housing:				
Loan guaranty revolving fund	278,462	285,450	148,900	-136,550
Proposed legislation	...	...	-131,800	-131,800
Direct loan revolving fund	-40,675	-44,740	-43,453	+ 1,287
Subtotal, veterans housing	237,787	240,710	-26,353	-267,063

FUNCTIONAL DISTRIBUTION OF OUTLAYS, CONT'D

(dollars in thousands)

Function and Program	1985	1986	1987	Incr. (+) Decr. (-)
705: Other veterans benefits and services:				
Grants for the construction of State veterans cemeteries	534	2,600	372	- 2,228
Canteen service revolving fund	-11,027	-5,411	1,474	+ 6,885
Supply fund	-14,543	...	...	...
General post fund	11,400	12,500	13,500	+ 1,000
General operating expenses	724,048	715,425	758,945	+ 43,520
Proposed legislation	...	...	952	+ 952
Subtotal, other veterans benefits and services	710,412	725,114	775,243	+ 50,129
Deduction for offsetting receipts	-3,523	-151,285	-185,801	- 34,516
Proposed legislation	...	-10,400	-102,683	- 92,283
Total, function 700 distribution of VA estimates	26,332,715	26,538,365	26,352,671	-185,694
Deduction for offsetting receipts (function 902)	-904,331	-942,484	-973,102	- 30,618
Total, Veterans Administration	$25,428,384	$25,595,881	$25,379,569	$-216,312

OBLIGATIONS

(dollars in thousands)

Appropriation/Fund Account	1985	1986	1987	Incr. (+) Decr. (-)
Federal Funds:				
Benefits programs:				
Compensation	$10,254,880	$10,470,635	$10,406,000	$- 64,635
Pensions	3,846,873	3,834,000	3,824,000	- 10,000
Burial benefits and miscellaneous assistance	132,572	127,999	134,400	+ 6,401
Readjustment benefits	1,168,168	941,724	818,081	-123,643
Veterans insurance and indemnities ...	11,512	10,765	5,268	- 5,497
Reinstated entitlement program for survivors	55,091	45,300	44,100	- 1,200
Emergency veterans job training	58,818	17,562	...	- 17,562
Loan guaranty revolving fund	2,458,906	2,573,400	2,576,000	+ 2,600
Direct loan revolving fund	9,399	9,426	9,418	- 8
Service-disabled veterans insurance fund	35,362	36,103	37,000	+ 897
Veterans reopened insurance fund	102,580	130,003	70,560	- 59,443
Education loan fund	69	48	45	- 3
Vocational rehabilitation revolving fund	1,023	1,023	1,060	+ 37
Servicemen's group life insurance fund	101,692	184,500	224,300	+ 39,800
Total benefit programs	19,236,945	18,382,488	18,150,232	-232,256
Medical programs:				
Medical care	8,936,274	9,245,088	9,143,983	-101,105
Medical and prosthetic research	226,634	186,230	194,115	+ 7,885
Medical administration and miscellaneous operating expenses	65,798	51,222	42,694	- 8,528
Grants for construction of State extended care facilities	29,136	39,654	25,672	- 13,982
Grants to the Republic of the Philippines	505	926	500	- 426
Assistance for health manpower training institutions	1,022	...	...	...
Canteen service revolving fund	178,625	182,310	193,537	+ 11,227
Special therapeutic and rehabilitation activities fund	2,102	2,225	2,350	+ 125
Total medical programs	9,440,096	9,707,655	9,602,851	- 104,804
Construction programs:				
Construction, major projects	309,991	646,606	922,870	+276,264
Construction, minor projects	124,404	150,223	190,271	+ 40,048
Total construction programs	434,395	796,829	1,113,141	+316,312
General operating expenses & miscellaneous				
General operating expenses	765,296	731,655	788,973	+ 57,318
Grants for the construction of State veterans cemeteries	1,031	2,200	2,200	...
Supply fund	666,779	750,000	784,375	+ 34,375
Total general operating expenses & miscellaneous	1,433,106	1,483,855	1,575,548	+ 91,693
Total appropriation, and funds ...	29,544,542	30,370,827	30,441,772	+ 70,945
Proposed legislation:				
Compensation	...	...	305,500	+305,500
Burial benefits	...	...	-31,200	- 31,200
Education loan fund	...	...	-45	- 45
Medical care	...	...	2,327	+ 2,327
General operating expenses	...	...	952	+ 952
Total proposed legislation	...	...	277,534	+277,534
Total federal funds	29,544,542	30,370,827	30,719,306	+348,479

OBLIGATIONS, CONT'D
(dollars in thousands)

Appropriation/Fund Account	1985	1986	1987	Incr. (+) Decr. (-)
Trust funds:				
Post-Vietnam era veterans education account	183,821	232,350	218,450	- 13,900
General post fund	10,604	12,500	13,500	+ 1,000
National service life insurance	1,444,790	1,552,488	1,676,500	+124,012
U.S. Government life insurance	54,140	49,610	45,990	- 3,620
Veterans special life insurance	114,288	122,290	132,900	+ 10,610
Total trust funds	1,807,643	1,969,238	2,087,340	+118,102
Total Veterans Administration (gross)	$31,352,185	$32.340,065	$32,806,646	$+466,581
Offsetting receipts and reimbursements ...	-4,095,424	-4,366,348	-4,744,856	-378,508
Total Veterans Administration (net)	$27,256,761	$27,973,717	$28,061,790	$+ 88,073

AVERAGE EMPLOYMENT

	1985	1986	1987	Increase (+) Decrease (-)
Medical care 1/	193,229	192,635	185,093	-7,542
Proposed legislation	...	...	99	+ 99
Medical and prosthetic research 1/	4,551	4,368	4,266	- 102
Medical administration and miscellaneous operating expenses 1/	809	664	591	- 73
Canteen	3,436	3,530	3,530	...
Department of Medicine and Surgery	202,032	201,197	193,579	-7,618
Office of Procurement & Supply	602	613	589	- 24
Construction, major	49	50	50	...
Construction, minor 1/	768	734	783	+ 49
Construction programs	817	784	833	+ 49
General operating expenses: 1/				
Department of Veterans Benefits	13,416	12,600	13,000	+ 400
Department of Memorial Affairs	1,211	1,176	1,189	+ 13
General Administration	4,725	4,525	4,148	- 377
Office of Administrator	39	38	39	+ 1
Inspector General	385	384	381	- 3
Board of Contract Appeals	13	13	14	+ 1
Board of Veterans Appeals	437	413	427	+ 14
General Counsel	697	682	688	+ 6
Proposed legislation	...	...	25	+ 25
Budget and Finance	611	597	594	- 3
Personnel and Labor Relations	208	218	218	...
Equal Opportunity Staff	35	31	32	+ 1
ADA/Congressional & Intergovt. Affairs	27	26	27	+ 1
ADA/Public and Consumer Affairs	48	55	54	- 1
ADA/Information Resources Management	8	7	18	+ 11
Data Management & Telecommunications	1,841	1,711	1,269	- 442
Information Management & Statistics	135	126	130	+ 4
Program Analysis and Evaluation	64	53	52	- 1
ADA/Logistics	4	6	4	- 2
Office of Administration	173	165	176	+ 11
General operating expenses	19,360	18,301	18,337	+ 36
Veterans Administration, Total	222,811	220,895	213,338	-7,557

1/ Although a ceiling has been provided, the 1986 estimate is lower than the ceiling provided and reflects the effect of sequestration associated with P.L. 99-177.

AVERAGE EMPLOYMENT
1985

	Actual		
	Ceiling	Non-Ceiling	Total
Medical care	192,033	1,196	193,229
Medical and prosthetic research	4,543	8	4,551
Medical administration and miscellaneous operating expenses	802	7	809
Canteen	3,436	7	3,443
Department of Medicine and Surgery	200,814	1,218	202,032
Office of Procurement and Supply	593	9	602
Construction, major	....	49	49
Construction, minor	714	54	768
Construction programs	714	103	817
General operating expenses:			
Department of Veterans Benefits	13,374	41	13,416
Department of Memorial Affairs	1,211	8	1,219
General Administration	4,684	41	4,725
Office of Administrator	38	1	39
Inspector General	383	2	385
Board of Contract Appeals	13	...	13
Board of Veterans Appeals	436	1	437
General Counsel	689	8	697
Program Planning and Evaluation 1/	63	1	64
Budget and Finance	605	6	611
Personnel and Labor Relations	202	6	208
Equal Opportunity Staff	35	...	35
ADA/Congressional & Intergovt. Affairs	27	...	27
ADA/Public and Consumer Affairs	46	2	48
ADA/Information Resources Management 2/	8	...	8
Data Management & Telecommunciations	1,831	10	1,841
Information Management and Statistics	132	3	135
ADA/Logistics	4	...	4
Office of Administration	172	1	173
General operating expenses	19,269	90	19,360
Veterans Administration, Total	221,390	1,420	222,811

1/ The Office of Program Planning and Evaluation was reorganized and renamed the Office of Program Analysis and Evaluation beginning in 1986.

2/ As of December 18, 1985, the Associate Deputy Administrator (ADA) for Management was created. This new position replaced the ADA for Information Resources and Information and has direct responsibility for the Offices of Program Analysis and Evaluation, Data Management and Telecommunications, and Information Management and Statistics. This is reflected in 1986 and 1987.

AVERAGE EMPLOYMENT
1986

	Estimate		
	Ceiling	Non-Ceiling	Total
Medical care 1/	191,564	1,071	192,635
Medical and prosthetic research 1/	4,348	20	4,368
Medical administration and miscellaneous operating expenses 1/	664	...	664
Canteen	3,500	30	3,530
Department of Medicine and Surgery	200,076	1,121	201,197
Office of Procurement & Supply	610	3	613
Construction, major	...	50	50
Construction, minor	684	50	734
Construction programs	684	100	784
General operating expenses:			
Department of Veterans Benefits	12,581	19	12,600
Department of Memorial Affairs	1,176	...	1,176
General Administration	4,525	...	4,525
Office of Administrator	38	...	38
Inspector General	384	...	384
Board of Contract Appeals	13	...	13
Board of Veterans Appeals	413	...	413
General Counsel	682	...	682
Budget and Finance	597	...	597
Personnel and Labor Relations	218	...	218
Equal Opportunity Staff	31	...	31
ADA/Congressional & Intergovt. Affairs	26	...	26
ADA/Congressional & Consumer Affairs	55	...	55
ADA/Management	7	...	7
Data Management and Telecommunications	1,711	...	1,711
Information Management and Statistics	126	...	126
Program Analysis and Evaluation	53	...	53
ADA/Logistics	6	...	6
Office of Administration	165	...	165
General operating expenses	18,282	19	18,301
Veterans Administration, Total	219,652	1,243	220,895

1/ Although a ceiling has been provided, the 1986 estimate is lower than the ceiling provided and reflects the effect of sequestration associated with P.L. 99-177.

AVERAGE EMPLOYMENT
1987

	Estimate		
	Ceiling	Non-Ceiling	Total
Medical care	183,993	1,100	185,093
Proposed legislation	99	...	99
Medical and prosthetic research	4,246	20	4,266
Medical administration and miscellaneous operating expenses 1/	591	...	591
Canteen	3,500	30	3,530
Department of Medicine and Surgery	192,429	1,150	193,579
Office of Procurement & Supply	586	3	589
Construction, major	...	50	50
Construction, minor 1/	733	50	783
Construction programs	733	100	833
General operating expenses:			
Department of Veterans Benefits 2/	12,981	19	13,000
Department of Memorial Affairs	1,189	...	1,189
General Administration	4,148	...	4,148
Office of Administrator	39	...	39
Inspector General	381	...	381
Board of Contract Appeals	14	...	14
Board of Veterans Appeals	427	...	427
General Counsel	688	...	688
Proposed legislation	25	...	25
Budget and Finance 1/	594	...	594
Personnel and Labor Relations	218	...	218
Equal Opportunity Staff	32	...	32
ADA/Congressional & Intergovt. Affairs	27	...	27
ADA/Congressional & Consumer Affairs	54	...	54
ADA/Management 1/	18	...	18
Data Management & Telecommunications 2/	1,269	...	1,269
Information Management and Statistics	130	...	130
Program Analysis and Evaluation	52	...	52
ADA/Logistics	4	...	4
Office of Administration	176	...	176
General operating expenses	18,318	19	18,337
Veterans Administration, Total	212,066	1,272	213,338

1/ Reflects the reorganization of the Office of Facilities as of October 1, 1986.
2/ Reflects the reorganization of ADP staff for Department of Veterans Benefits.

PART 25. 1987 BUDGET HIGHLIGHTS

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COMPENSATION

This budget proposes splitting the Compensation and pensions appropriation into three separate accounts - Compensation, Pensions, and Burial benefits and miscellaneous assistance. Each of these three programs is sufficiently large and unique to warrant separate budgetary accounts. Adoption of this new appropriation structure would more closely correspond to a government-wide functional program classification and facilitate program presentation.

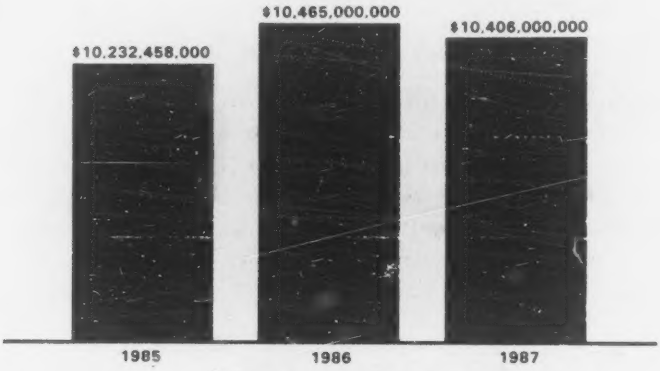
This appropriation provides for the payment of compensation to veterans and their dependents.

Compensation is payable to living veterans who have suffered impairment of earning power from service-connected disabilities. The amount of compensation is based upon the disability or combination of disabilities, and their impact on earning capacity. Death compensation or dependency and indemnity compensation (DIC), are payable to the surviving spouses and dependents of veterans whose deaths occur while on active duty, or resulted from service-connected disabilities. This benefit is intended to compensate for the loss of family income. A clothing allowance may also be provided for some service-connected veterans who use prosthetic or orthopedic devices.

A 1986 supplemental appropriation of $272.0 million is also requested to help offset the increased costs associated with the 1986 cost of the December 1, 1985 rate increase (3.1 percent).

The budget authority request of $10,406,000,000 for 1987 is $59.0 million lower than the estimated 1986 level.

BUDGET AUTHORITY



Budget Authority and Outlays
(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Veterans compensation	$ 8,274,281	$ 8,406,325	$ 8,306,064	$ -100,261
Survivors compensation	1,957,986	2,041,100	2,076,900	+ 35,800
Clothing allowance	22,613	23,210	23,036	- 174
Total obligations	$ 10,254,880	$10,470,635	$10,406,000	$ - 64,635
Change in unobligated balances	-22,422	-5,635	...	+ 5,635
Budget authority	$ 10,232,458	$10,465,000	$10,406,000	$ - 59,000
Outlays.......................	$ 10,243,044	$10,453,000	$10,415,000	$ - 38,000

The eight-tenths of one percent decrease in compensation caseload reflects the continued decline in the number of veteran and survivor cases, where the number of terminations exceed the number of accessions.

Caseload

	1985	1986	1987	Increase (+) Decrease (-)
Compensation:				
Veterans	2,244,641	2,231,650	2,217,150	-14,500
Survivors	338,187	332,000	325,700	- 6,300
Total	2,582,828	2,563,650	2,542,850	-20,800
Clothing allowance	64,915	64,500	64,000	- 500

Recently enacted legislation:

The "Veterans' Compensation Rate Increase and Training Amendments of 1985 "(Public Law 99-238) increased rates for veterans and survivors by 3.1 percent effective December 1, 1985. The estimated cost of this increase is $272 million, for which a supplemental is being requested.

Proposed Legislation:

Legislation is proposed effective December 1, 1986 to provide a 3.7 percent cost of living increase for veterans, DIC spouses, children and veterans clothing allownace. The $305.5 million cost of this legislation is not reflected in 1987 budget request.

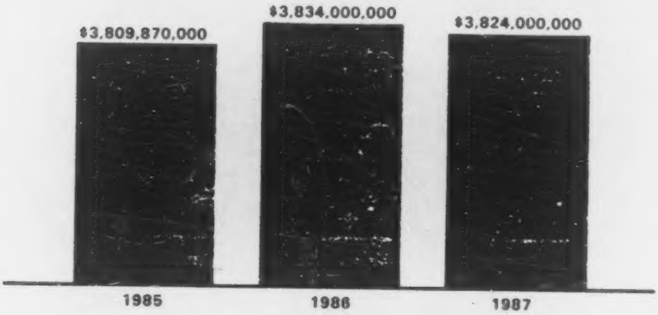
PENSIONS

A wartime veteran, who because of a non-service-connected disability has been rendered permanently and totally disabled, is eligible for payment of a pension if his countable income is below a certain level. Veterans are generally considered to be permanently and totally disabled at age 65. Upon death of the wartime veteran, surviving spouse and children are eligible for pension based on need. The payable amount is determined by the annual countable income and the number of dependents of the recipient.

A 3.7 percent increase, effective December 1, 1986, is assumed for the budget request. This increase is offset by the impact of continuing caseload reductions, resulting in a net decrease of $10.0 million in obligations from 1986 to 1987.

The budget authority request for FY 1987 of $3,824,000,000 is $10 million less than the estimated 1986 level.

BUDGET AUTHORITY



Budget Authority and Outlays

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Veterans pensions	$ 2,509,985	$ 2,505,150	$ 2,495,800	$- 9,350
Survivors pensions	1,336,976	1,327,050	1,326,400	- 650
Vocational training	12	1,800	1,800	...
Obligations	3,846,973	3,834,000	3,824,000	- 10,000
Change in unobligated balance	$- 37,002	...	...	...
Budget authority	$ 3,809,870	$ 3,834,000	$ 3,824,000	$- 10,000
Outlays	$ 3,841,865	$ 3,835,000	$ 3,825,000	$- 10,000

Obligations

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Veterans:				
Improved law	$ 2,036,797	$ 2,110,000	$ 2,167,950	$+ 57,950
Prior law	462,867	388,000	323,000	- 65,000
Old law	10,321	7,150	4,850	- 2,300
Subtotal	2,509,985	2,505,150	2,495,800	- 9,350
Survivors:				
Improved law	858,864	923,050	989,000	+ 65,950
Prior law	458,693	388,000	324,300	- 63,700
Old law	19,319	16,000	13,100	- 2,900
Subtotal	1,336,876	1,327,050	1,326,400	- 650
Vocational training	12	1,800	1,800	...
Total obligations	$ 3,846,873	$ 3,834,000	$ 3,824,000	$- 10,000

Caseload

Veterans:				
Improved law	409,124	420,100	428,450	+ 8,350
Prior law	285,969	240,200	200,750	-39,450
Old law	11,047	7,700	5,240	- 2,460
Subtotal	706,140	668,000	634,440	-33,560
Survivors:				
Improved law	243,795	255,610	265,925	+10,315
Prior law	494,431	417,230	348,555	-68,675
Old law	29,546	24,330	19,860	- 4,470
Subtotal	767,772	697,170	634,340	-62,830
Vocational training	(33)	(1,600)	(1,600)	...
Total cases	1,473,912	1,365,170	1,268,780	-96,390

The $10 million decrease in obligations is primarily due to lower caseload being partially offset by the anticipated 3.7 percent automatic cost of living increase effective December 1, 1986.

The projected 96,390 caseload decrease is due primarily to terminations in both Prior and Old Law caseload partially offset by accessions into the Improved Law program.

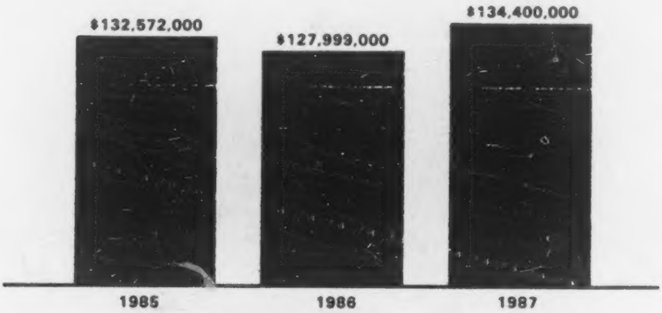
During 1985, 115,317, new cases began receiving benefits, while at the same time 251,722 cases were terminated for various reasons such as death, excess income, failure to file, and age limitation for children. The caseload decline is expected to continue with projections of 1,365,170 in 1986 and 1,268,780 in 1987 due to terminations in all programs exceeding accessions to the Improved Law program.

BURIAL BENEFITS AND MISCELLANEOUS ASSISTANCE

This appropriation provides for the payment of burial benefits, and other miscellaneous benefits, to certain veterans and their dependents. Miscellaneous benefits cover the payment of such programs as: emergency officers of WW I and certain officers of the regular establishment, retirement benefits, adjusted service and dependents pay, special allowance and dependents pay, mortgage insurance for service disabled veterans, and Soldiers' and Sailors' Civil relief insurance programs.

The budget authority request of $134.4 million for 1987, is $6.4 million more than the estimated 1986 level.

BUDGET AUTHORITY



Budget Authority and Outlays
(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Burial benefits..............	$ 126,049	$ 122,058	$ 128,082	$+ 6.024
Miscellaneous...............	6.523	5,941	6,318	+ 377
Total obligations	$ 132,572	$ 127,999	$ 134,400	$+ 6,401
Budget authority	$ 132,572	$ 127,999	$ 134,400	$+ 6,401
Outlays	$ 132,572	$ 128,007	$ 134,392	$+ 6,385

Burial Obligations
(dollars in thousands)

Burial allowances	$ 44,426	$ 42,022	$ 42,643	$+ 621
Burial plots	45,214	45,106	47,900	+ 2,794
Service-connected deaths...	8,814	8,442	8,925	+ 483
Burial flags	9,199	9,088	9,835	+ 747
Headstones/markers.........	14,899	13,967	14,945	+ 978
Headstone allowances	3,497	3,433	3,834	+ 401
Total.....................	$ 126,049	$ 122,058	$ 128,082	$+ 6,024

Burial Caseload

	1985	1986	1987	Increase (+) Decrease (-)
Burial allowances	123,523	120,700	116,000	- 4,700
Burial plots	305,326	315,000	320,000	+ 5,000
Service-connected deaths	8,748	8,500	8,500	...
Burial flags	340,592	350,000	360,000	+ 10,000
Headstones/markers	262,211	245,000	250,000	+ 5,000
Headstone allowances	52,196	53,500	56,000	+ 2,500

Miscellaneous Assistance Obligations

(dollars in thousands)

Retired officers	$ 1,050	$ 705	$ 700	$- 5
Adjusted service and dependents pay.	2	13	18	+ 5
Special allowance dependents	771	727	800	+ 73
Mortgage insurance	4,700	4,496	4,800	+ 304
Total	$ 6,523	$ 5,941	$ 6,318	$+ 377

Miscellaneous Assistance Caseload

Retired officers	88	78	72	- 6
Adjusted service and dependents pay	7	20	25	+ 5
Special allowance dependents	227	222	217	- 5
Mortgage insurance	5,792	5,700	5,600	- 100

Proposed legislation:

Legislation will be proposed to make the eligibility requirements for the burial plot allowance the same as those for the basic burial allowance. It is estimated that the savings from this proposal will be $31.2 million in 1987.

READJUSTMENT BENEFITS

This appropriation provides for the payment of readjustment and rehabilitation benefits.

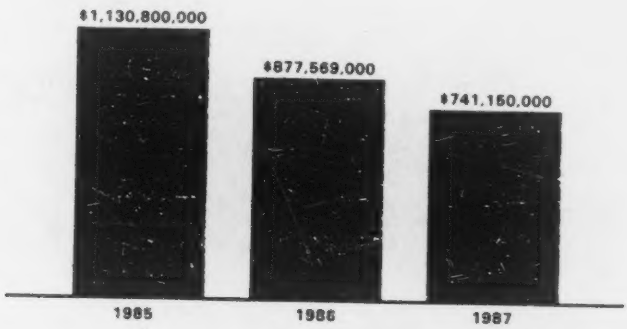
Veterans and servicepersons whose service was, at least in part, between February 1, 1955 and December 31, 1976 (post-Korean conflict and Vietnam-era veterans), are eligible for benefits under 38 USC chapter 34.

Also financed under this appropriation are allowances for eligible dependents of: (a) those veterans who died from service-connected causes or have a total and permanent rated service-connected disability; and (b) servicepersons who were prisoners of war or missing in action pursuant to 38 USC chapter 35.

Vocational rehabilitation training is provided to certain service-disabled veterans along with specially adapted housing grants, and automobile grants with the associated approved adaptive equipment. In 1987, beneficiary travel for vocational rehabilitation trainees will be funded by the Readjustment benefits account. The cost of beneficiary travel in 1987 will be $750 thousand.

Public Law 98-525, provides educational assistance to veterans whose initial entry on active duty takes place during the period beginning July 1, 1985 and ending June 30, 1988. Eligibility to receive this assistance does not begin until 1987. This law also provides education assistance to certain members of the Selected Reserve. The initial training for the reservists began in the end of 1985. This training is funded through transfers from the Department of Defense and Department of Transportation.

BUDGET AUTHORITY



The supplemental request of $91 million will provide additional funding necessary for the operation of this program in 1986. The 1987 request of $741,150,000 is $136,419,000 below the 1986 funding level. The 1987 reduction is primarily due to the declining Vietnam-era veteran workload. This workload reduction is due to the number of Vietnam-era veterans who either lose eligibility or exhaust their education benefits. The 1986 funding level includes the appropriation ($926,000,000) and a program supplemental request ($91,000,000 to support higher education and specially adapted housing program requirements than anticipated for in the appropriation). These increases are offset by the sequestering of $39,431,000 (Public Law 99-177) the "Balanced Budget and Emergency Deficit Control Act of 1985".

Obligations, Budget Authority and Outlays

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Obligations				
Education and training	$1,029,783	$ 773,919	$ 617,421	$-156,498
Special assistance to disabled veterans	138,189	126,692	129,829	+ 3,137
All volunteer force educational assistance	196	41,113	70,831	+ 29,718
Total obligations	$1,168,168	$ 941,724	$ 818,081	$-123,643
Budget Authority:				
Appropriation	$1,137,800	$ 826,000	$ 741,150	$- 84,850
Supplemental	...	91,000	...	- 91,000
Transfer from other accounts	18,000	...	...	...
Transfer to other accounts	- 25,000	...	...	...
Public Law 99-177 sequestration	...	- 39,431	...	+ 39,431
Total budget authority	$1,130,800	$ 877,569	$ 741,150	$-136,419
Outlays	$1,173,567	$ 910,422	$ 754,897	$-155,525

Education and training:

The number of trainees are expected to decrease by 91,339 in 1986 and 78,300 in 1987. This decrease is primarily attributable to the number in Vietnam era veterans and servicepersons who either lose their eligibility or exhaust their entitlement.

Obligations for education and training will decrease by $255.9 million in 1986 and by $156.5 million in 1987. The 1986 decrease reflects a lower trainee caseload and the sequestration of funds, ("Balanced Budget Emergency Deficit Control Act of 1985" (Public Law 99-177)). In 1987, the savings resulting from the continued reduction in education trainees is partially offset by increasing benefit payments to the Title 38 levels.

Education and Training Obligations

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Vietnam era veterans	$ 848,184	$ 626,337	$ 488,693	$-137,644
Servicepersons	36,861	31,551	29,423	- 2,128
Sons and daughters	131,831	106,155	91,323	- 14,832
Spouses and widow (ers)	12,907	9,876	7,982	- 1,894
Total obligations	$1,029,783	$ 773,919	$ 617,421	$-156,498

Education and Training Caseload

Vietnam era veterans	363,234	286,300	221,100	- 65,200
Servicepersons	39,047	34,800	31,100	- 3,700
Sons and daugthers	55,328	46,500	38,300	- 8,200
Spouses and widow (ers)	6,630	5,300	4,100	- 1,200
Total trainees	464,239	372,900	294,600	- 78,300

Rehabilitative assistance to disabled veterans. Through the vocational rehabilitation program, a subsistence allowance and all costs associated with a vocational course are paid. Housing grants not to exceed $35,500 are made for specially adapted housing to seriously disabled veterans and grants not to exceed $6,000 are made to veterans with service-connected blindness, or loss of use of both upper extremities. Certain seriously disabled veterans are eligible for payments not to exceed $5,000 for the initial purchase of an automobile or other conveyance, plus equipment adapting it for the use of a disabled person. The program covers repairs, maintenance, replacement and installation. In 1987, an estimated $750,000 will be paid to veterans for vocational rehabilitation travel including a special transportation allowance to veterans who have incurred travel expenses because of their disability. The cost will be funded by the Readjustment benefits account.

Rehabilitative Obligations

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Vocational rehabilitation	$ 107,480	$ 100,937	$ 105,622	$+ 4,685
Housing grants	15,814	13,779	12,075	- 1,704
Automobiles and other conveyances	4,095	3,114	2,750	- 364
Adaptive equipment	10,799	8,862	9,382	+ 520
Total obligations	$ 133,189	$ 126,692	$ 129,829	$+ 3,137

Rehabilitative Caseload

Vocational rehabilitation	26,901	26,000	25,500	- 500
Housing grants	540	455	390	- 65
Automobiles and other conveyances	919	650	550	- 100
Adaptive equipment	9,086	7,500	7,300	- 200

All Volunteer Force educational assistance

Veterans: Public Law 98-525, enacted October 19, 1984, will provide educational assistance to veterans whose initial entry takes place during the period beginning July 1, 1985 and ending June 30, 1988. The Readjustment benefits account pays the basic benefits, up to a maximum of $300 per month, for full-time training while supplemental benefits are paid by the Department of Defense. No activity is expected until 1987 with $400 thousand being paid in basic benefits and $500 thousand in supplemental benefits for 800 trainees.

Reservists: Certain members of the Selected Reserve (members who enlist, re-enlist or extends their enlistment for a six year period) are entitled to receive up to $140 a month for six months. These payments are paid by the Department of Defense and the Department of Transportation through the Veterans Administration.

Legislation is being proposed to close this program to new enrollees on September 30, 1986 instead of the currently scheduled June 30, 1988. The Post Vietnam Education Assistance program will be opened to new enrollees on October 1, 1986.

All Volunteer Force Educational Assistance

(dollars in thousands)

Veteran's supplementary benefits	$ ...	$ ...	$ 900	$+ 900
Reservist's benefits	196	41,113	69,931	+ 28,818
Total obligations	$ 196	$ 41,113	$ 70,831	$+ 29,718

All Volunteer Force Educational Assistance Caseload

Veterans	...	...	800	+ 800
Reservists	1,160	55,900	81,600	+ 25,700
Total trainees	1,160	55,900	82,400	+ 26,500

REINSTATED ENTITLEMENT PROGRAM FOR SURVIVORS

In accordance with Public Law 97-377, this appropriation restores Social Security benefits to certain surviving spouses or children of veterans who died of service-connected causes, which were eliminated by the "Omnibus Budget Reconciliation Act of 1981", Public Law 97-35. The funding for this program is provided in the form of offsetting collections from the Department of Defense, and therefore, no budget authority is requested.

Obligations, Budget Authority, Outlays and Workloads
(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Obligations:				
Spouses	$ 9,856	$ 9,970	$ 9,710	$- 260
Children-in-school...............	30,449	34,682	33,792	- 890
Operating expenses, VA	873	640	590	- 50
Operating expenses, Social Security Administration	22	8	8	...
Subtotal	$ 41,200	$ 45,300	$ 44,100	$- 1,200
Return of overpayment to DOD	13,891	...	...	...
Total obligations	$ 55,091	$ 45,300	$ 44,100	$- 1,200
Receipts from Department of Defense	$- 55,091	$- 45,300	$- 44,100	$+ 1,200
Outlays	$- 15,326	$ 14,970	...	$- 14,970
Workload:				
Spouses	1,875	1,825	1,775	- 50
Children-in-school	5,465	5,900	5,730	- 170

Legislation is being proposed under the Compensation appropriation to provide a cost-of-living increase of 3.7 percent in 1987 to spouses in receipt of Dependency and Indemnity Compensation (DIC), effective December 1, 1986. It should be noted that a 3.1 percent increase was provided effective December 1, 1985. Public Law 97-377 states that any such increases in DIC rates must also be granted to spouses under the Reinstated entitlement program for survivors (REPS).

EMERGENCY VETERANS' JOB TRAINING

This appropriation, established pursuant to the Emergency Veterans' Job Training Act of 1983, Public Law 98-77, provides payments to defray training costs to employers who hire and train certain wartime veterans who have been unemployed for long periods of time. Public Law 99-238, enacted January 13, 1986, liberalized eligibility, extended the training commencement date to July 31, 1987, and authorized $65 million for fiscal year 1986. In addition, this legislation renamed Public Law 98-77 as the "Veterans Job Training Act."

Obligations, Budget Authority, Outlays and Workloads
(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Obligations	$ 58,818	$ 17,562	...	$- 17,562
Outlays	$ 68,838	$ 49,200	$ 5,384	$- 43,816
Workload				
Veterans completed training	6,909	10,348	1,928	- 8,420

In 1986, 6,300 unemployed veterans of the Vietnam era or Korean conflict will enter on-the-job training in fields for which there is a demonstrated demand for labor. The Veterans Administration will pay one-half of the salary of each trainee up to $10,000.

Since the time the Emergency Veterans Job Training Act of 1983 was enacted, there has been an improvement in the economy and a corresponding drop in the unemployment rate for the Vietnam era and Korean conflict veterans.

Although Public Law 99-238 extended the date by which certified veterans may begin training to July 31, 1987, the unobligated balance of $17.6 million will be exhausted by the end of 1986. Because of the significant drop in the unemployment rate of these veterans and because this program unnecessarily augments job services provided for veterans by the Veterans Administration and other government agencies, no additional funds will be requested. The 1987 outlays reflect training programs started in 1986.

VOCATIONAL REHABILITATION REVOLVING FUND

The Vocational rehabilitation revolving fund was set up under 38 USC 1507 to finance loans to disabled veterans who are enrolled in a program of vocational rehabilitation under 38 USC chapter 31. An interest-free loan of up to $620 is provided to a veteran temporarily in need of additional assistance to meet expenses related to training.

With the enactment of Public Law 96-466, the maximum loan limit has been set to equal double the amount of subsistence allowance for a veteran with no dependents in full-time institutional training. Under the current rates, the maximum limit will be $620.

Workload, Amounts Loaned and Repaid

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Number of loans made	5,270	5,400	5,300	- 100
Total amount of loans made (obligations in thousands)	$ 1,023	$ 1,023	$ 1,060	$+ 37
Average loan amount	$ 194	$ 189	$ 200	$+ 11
Number of loans outstanding	3,843	3,369	3,482	+ 113
Average outstanding loan balance	$ 105	$ 111	$ 112	$+ 1
Repayment of current loans (in thousands)	$ 1,068	$ 1,051	$ 1,042	$- 9

In 1986, the sequestration process resulting from the "Balanced Budget and Emergency Deficit Control Act of 1985" (Public Law 99-177) limits obligations for direct loans by reducing the amount of anticipated loans $46,000. The resultant limitation is $1,023,000.

In 1987 the number of loans made is expected to decrease by 100 from the 1986 level. This is in keeping with an expected decrease in vocational rehabilitation trainees. Obligations will increase by $37 thousand in 1987. The 1987 increase reflects an increase in the average loan amount resulting from no limitation on obligations. This increase in the average loan is partially offset by the lower 1987 workload level.

EDUCATION LOAN FUND

The Vietnam Era Veterans' Readjustment Assistance Act of 1974 (Public Law 93-508) established the Veterans Administration education loan fund. The act provides for the funding of this program by transfers from the Readjustment benefits appropriation and from the collection of fees, principal and interest on loans made. Effective October 1, 1981, as a result of the "Omnibus Budget Reconciliation Act of 1981" (Public Law 97-35), the program is available only for post-delimiting-date loans under 38 USC chapters 34 and 35, and flight training for enrollments under chapter 34. The fund finances loans of up to $2,500 per academic period to eligible veterans training under 38 USC chapter 34 and to eligible dependents training under 38 USC chapter 35.

Workload, Amounts Loaned and Repaid

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Number of loans made	58	50	45	- 5
Total amount of loans made (obligations in thousands)	$ 69	$ 48	$ 45	$- 3
Average loan amount	$ 1,190	$ 960	$ 1,000	$+ 40
Number of loans outstanding	60,726	55,113	49,306	- 5,807
Average outstanding loan balance	$ 850	$ 850	$ 850	$ ...
Repayment of current loans (in thousands)	$ 1,530	$ 1,375	$ 1,350	$- 25

The number of loans made in 1987 should continue to decrease with the expected decrease in the number of eligible trainees. As a result, loan repayments will also decrease. Debt collection efforts will continue to increase repayment of defaulted loans. The incidence of newly defaulted loans is expected to decrease both as a consequence of more effective collection efforts and fewer number of loans.

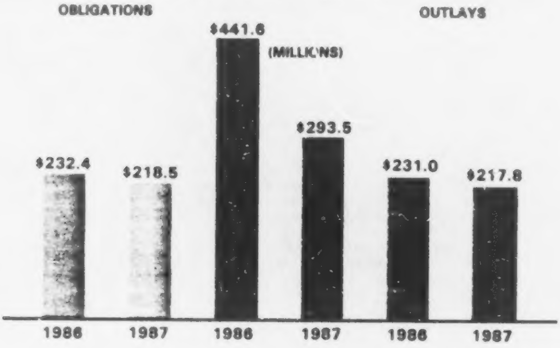
Obligations will decrease in 1986 and 1987 to a level of $48 thousand and $45 thousand, respectively. The average loan amount will decrease in 1986 as a result of the limitation in obligations for direct loans required by Public Law 99-177, the "Balanced Budget and Emergency Deficit Control Act of 1985". The resultant limitation is $48,000. The 1987 increase is the result of no limitation on direct loan activity.

Legislation is being requested to repeal the authority permitting the Veterans Administration to make education loans, effective October 1, 1986. This effort to eliminate excessive default rates would decrease outlays $44,000 in 1986.

POST-VIETNAM ERA VETERANS EDUCATION ACCOUNT

Public Law 94-502 established the Post-Vietnam era veterans education program. This account consists of voluntary contributions by eligible servicepersons and matching contributions, on a two-for-one basis, provided by the Department of Defense. The fund provides educational assistance payments to participants who entered the service after December 31, 1976, and are pursuing training under chapter 32, Title 38 USC. The "Department of Defense Authorization Act, 1981" (Public Law 96-342) included two new educational assistance programs for certain individuals who enlisted or reenlisted in the Army, Navy, Air Force or Marine Corps after September 30, 1980 and before October 1, 1981. Section 901 of that act is a non-contributory program with educational assistance provided by the Department of Defense. Section 903 authorizes the Department of Defense to make the monthly contributions for certain post-Vietnam era participants. Public Law 98-525, enacted October 19, 1984, precludes new enrollments into this program during the period July 1, 1985 to June 30, 1988.

BUDGET AUTHORITY



Obligations
(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Obligations:				
Post-Vietnam era education:				
Payments to post-Vietnam era trainees	$ 82,554	$ 106,100	$ 116,250	$+ 10,150
Payments to section 901 trainees	714	3,750	4,200	+ 450
Participant disenrollments	100,553	122,500	98,000	- 24,500
Total Obligations	$ 183,821	$ 232,350	$ 218,450	$- 13,900

Budget Authority, Outlays and Workloads
(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Total Income (Budget Authority):				
Post-Vietnam era education:				
Contributions from servicepersons	$ 211,790	$ 270,800	$ 111,000	$- 159,800
Department of Defense (matching)	42,146	61,400	67,300	+ 5,900
Department of Defense (bonus)	31,256	101,700	109,000	+ 7,300
Department of Defense (section 901)	788	3,750	4,200	+ 450
Department of Defense (section 903)	4,419	3,950	2,000	- 1,950
Total income (budget authority)	$ 290,399	$ 441,600	$ 293,500	$- 148,100
Total Outlays	$ 182,458	$ 231,000	$ 217,800	$- 13,200
Workload:				
Post-Vietnam era education:				
Participants, end of year	617,775	502,775	420,775	- 82,000
Trainees	48,110	61,400	67,300	+ 5,900
Section 901 trainees	301	1,500	1,200	- 300
Disenrollments	83,373	115,000	82,000	- 33,000

The budget authority for this account is a permanent and indefinite authorization consisting of transfers from the Department of Defense and voluntary contributions by eligible servicepersons. The authority to distribute these funds does not require annual action by the Congress.

Training obligations will increase in both 1986 and 1987 as more participants become eligible to train. Obligations for disenrollments have been increasing and are expected to peak in 1986. The decrease in disenrollments in 1987 reflects the fact that no new enrollments are permitted in this program during the period beginning July 1, 1985 and ending on June 30, 1988.

Legislation is being proposed that will close enrollment in the All Volunteer Force GI Bill effective October 1, 1986. This proposal will reopen the Post-Vietnam Era program for new enrollments at that time. This will result in an additional $59.2 million in serviceperson's contributions in 1987.

LOAN GUARANTY REVOLVING FUND

The Loan guaranty revolving fund is authorized under 38 U.S.C. 1824 to finance all operations of the Loan guaranty program except for administrative costs.

This program provides credit assistance to eligible veterans, active duty servicepersons, and certain surviving spouses seeking to buy, build, or repair a home, condominium, or mobile home.

The guarantee may be made up to 60 percent of the loan or $27,500 whichever is less.

In the event of foreclosure, the Veterans Administration (VA) will pay to the lender the outstanding balances due on the loan plus costs incurred through foreclosure, up to the amount of the guarantee. The potential acquisition of the foreclosed property is determined by the "net" value, which is calculated by using a formula included in the Deficit Reduction Act of 1984.

The 1987 budget estimates for the revolving fund are summarized in the succeeding paragraphs.

Selected Workload Data

	1985	1986	1987	Increase (+) Decrease (-)
Guaranteed and insured loans closed .	178,931	182,000	200,000	+18,000
Number of claims processed	30,277	28,793	26,297	- 2,496
Number of property acquisitions processed	23,360	23,440	21,300	- 2,140

Obligations for losses incurred on defaulted guaranteed loans (claims paid) will decrease from 1986 to 1987 by $2.5 million. There is also a $22.8 million decrease in the acquisition of homes (property acquisitions). During 1986, the VA expects to net $730 million from its sales of vendee loans. In 1987, we also anticipate revenue of $766.8 million from loan sales, for a decline of $36.8 million. A transfer of $125 million from the Direct Loan revolving fund to the Loan Guaranty revolving fund is planned in 1987. It is anticipated that $145.4 million of total 1987 revenue will be generated by the loan origination fee. These receipts are returned to the Loan guaranty revolving fund. The loan origination fee is currently scheduled to expire in 1987. As a result of the increase in receipts an appropriation will not be required in 1987.

Obligations, Receipts and Budget Authority

(dollars in thousands)

Obligations:				
Losses on defaulted guaranteed loans & acquisitions of homes ..	$1,322,746	$1,394,003	$1,368,709	$- 25,294
All other	1,136,160	1,179,397	1,207,291	+ 27,994
Total obligations	$2,458,906	$2,573,400	$2,576,000	+ 2,600
Receipts:				
Sale of loans, net	-698,025	-729,985	-766,820	- 36,835
All Other	-1,508,388	-1,554,565	-1,657,180	- 102,615
Total receipts 1/..............	-2,196,413	-2,284,550	-2,424,000	- 139,450
Changes in unobligated balances and net transfers	+ 44,107	- 88,850	-152,000	- 63,150
Budget authority	306,600	200,000	...	- 200,000

1/ Total figures for both obligations and receipts include amounts established for vendee (direct) loans. Under the current Federal credit policy guidelines, vendee (direct) loans, which represent the sale of physical assets on credit terms, are now defined as obligations. These obligations are completely offset by identical collections, so there is no effect on outlays.

Outlays

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Total obligations..........	$2,458,906	$2,573,400	$2,576,000	$+ 2,600
Total receipts	-2,196,413	-2,284,550	-2,424,000	- 139,450
Change in obligated balance	15,969	- 3,400	- 3,100	+ 300
Outlays	$ 278,462	$ 285,450	$ 148,900	$- 136,550

Legislation will be proposed to increase funding fees on guaranteed loans and vendee (direct) loans from one percent to 2 percent in 1987 and, in steps, to 3.8 percent by 1990. In the out years the loan origination fee would increase to 2.5 percent in 1988, 3 percent in 1989 and 3.8 percent in 1990. The increase in the loan origination fee would generate $131.8 million, in revenues in 1987.

DIRECT LOAN REVOLVING FUND

The Direct loan revolving fund is authorized under 38 U.S.C. 1823 to finance all operations of a direct loan program.

This program originally provided loans to veterans, active servicepersons, and certain surviving spouses in rural areas where the availability of private mortgage funds was limited. The loans could be used to purchase or repair the beneficiary's home or farm residence.

The maximum loan amount has changed since the programs inception and now is $33,000.

New loans in the program are restricted to disabled veterans requiring specially-adapted housing assistance. Prior loans will continue to be serviced with funds from the revolving fund.

The 1987 budget estimates for the revolving fund are summarized in the succeeding paragraphs.

Selected Workload Data

	1985	1986	1987	Increase (+) Decrease (-)
Direct loans approved	7	9	8	- 1
Direct loans closed	7	9	8	...

Obligations, Receipts & Budget Authority
(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Obligations:				
Direct loans to veterans	$ 212	$ 235	$ 230	$- 5
Vendee (Direct) loans	1,327	1,300	1,270	- 30
Cash advances	898	995	985	- 10
Interest expense	6,565	6,565	6,565	...
All other	397	374	368	- 6
Total obligations	9,399	9,469	9,418	- 51
Receipts:				
Loans repaid	- 31,306	- 30,700	-29,600	+ 1,100
All other	- 28,283	- 23,915	-22,780	+ 1,135
Total receipts	- 59,589	- 54,615	-52,380	+ 2,235
Changes in unobligated balances and net transfers	$+ 50,190	$+ 45,146	$+42,962	$- 2,184
Budget authority	...	...	...	...

Obligations are estimated to decrease $51,000 in 1987. This decrease results from a reduction in vendee (direct) loans and cash advances and repurchases. The $1.3 million, vendee (direct) loan obligation will be offset by a non-cash collection from the sale of the assets.

Collections are expected to be lower in both 1986 and 1987, reflecting decreases in loan repayments and interest on loans. However, collections will be more than adequate to fund the $9.4 million in estimated obligations during 1987. In 1987, $125 million will be transferred from this account to the Loan guaranty revolving fund. In 1987, outlays are anticipated to be $1.3 million more than 1986, because of the reduction of principal and interest repayments on outstanding loans.

Outlays
(dollars in thousands)

Total obligations..............	$ 9,399	$ 9,469	$ 9,418	$- 51
Total receipts	- 59,589	- 54,615	-52,380	+ 2,235
Change in receivables in excess of obligations	9,515	406	- 491	- 897
Outlays	$- 40,675	$- 44,740	$-43,453	$+ 1,287

INSURANCE PROGRAMS

Summary

Life insurance protection for the Nation's servicepersons and veterans is provided under nine separate programs. Six of these programs are totally administered by the Veterans Administration (VA) and the remaining three are supervised through contractual relationships with private companies. The Servicemen's Group Life Insurance (SGLI) and Veterans' Group Life Insurance (VGLI) programs are administered by the Prudential Insurance Company of America, Newark, New Jersey. The Veterans' Mortgage Life Insurance (VMLI) program is administered by the Bankers Life Insurance Company of Lincoln, Nebraska.

The nine VA insurance programs are financed in a variety of ways. One of the programs mentioned above (VMLI) is funded through the Burial benefits and miscellaneous assistance appropriation. The VGLI program is funded by premiums and transfers from the Servicemen's Group Life Insurance fund These two are not included in the summary charts shown below. Veterans insurance and indemnities is a direct appropriation which supports the costs of insuring disabled veterans. Of the remaining six programs, three are public enterprise funds, two are trust funds, and one is a trust revolving fund.

These seven accounts listed below are covered in the following pages:

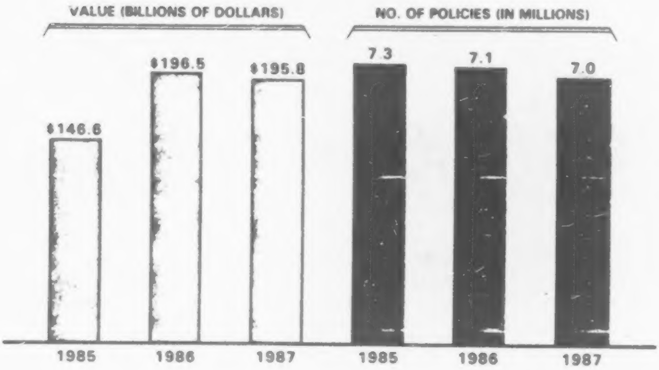
Appropriation:
- Veterans insurance and indemnities (VI&I)

Public enterprise funds:
- Service-disabled veterans insurance (SDVI)
- Veterans reopened insurance (VRI)
- Servicemen's group life insurance (SGLI)

Trust funds:
- National service life insurance (NSLI)
- United States Government life insurance (USGLI)

Trust revolving fund:
- Veterans special life insurance (VSLI)

TOTAL INSURANCE IN FORCE



VETERANS INSURANCE AND INDEMNITIES (VI&I)

This appropriation provides for:

- Payments to the USGLI and NSLI trust funds on claims for death and total disability traceable to the extra hazards of service, and waiver of premiums while in service.
- Payments are made to policyholders of war-risk insurance issued to veterans of World War I, who are permanently and totally disabled. Payments are also made on non-participating policies issued to World War II veterans with service-connected disabilities.
- Payments to the Service-disabled veterans insurance fund to supplement the premium and other receipts of the fund in amounts necessary to pay claims on policies issued to veterans with service-connected disabilities.

Workload, Obligations and Revenue
(dollars in thousands)

	1995	1996	1997	Increase (+) Decrease (-)
No. of policies in force, end of year	3,106	2,951	2,797	- 154
Amount of insurance in force, end of year	$ 16,559	$ 15,549	$ 14,594	$- 955
Program:				
Total obligations	$ 11,512	$ 10,765	$ 5,268	$- 5,497
Revenue	- 567	- 519	- 499	+ 20
Change in unobligated balances	55	- 502	...	+ 502
Budget authority	$ 11,000	$ 9,745	$ 4,770	$- 4,975
Outlays	$ 10,916	$ 9,745	$ 4,770	$- 4,975

SERVICE DISABLED VETERANS INSURANCE (SDVI)

The SDVI revolving fund is the only VA administered insurance program remaining open to new issues. It was designed as an insurance program for veterans discharged with a disability of 10 percent or greater, and provides coverage at standard rates. These individuals might not otherwise be insurable at standard rates due to their disabilities.

Since the fund insures the disabled at standard premium rates, it is not self-sustaining. Periodic payments from the Veterans insurance and indemnities appropriation are required to meet current expenditures.

Workload, Obligations and Revenue
(dollars in thousands)

No. of policies in force, end of year	186,585	184,065	181,565	- 2,500
Amount of insurance in force, end of year	$ 1,691,985	$1,663,862	$1,639,878	$-23,984
Obligations:				
Death claims	$ 22,575	$ 22,840	$ 23,460	$+ 620
Other	12,787	13,263	13,540	+ 277
Total obligations	$ 35,362	$ 36,103	$ 37,000	$+ 897
Revenue:				
Premiums earned..................	$ 20,880	$ 21,104	$ 20,768	$- 336
Payment from VI&I................	8,499	6,976	2,045	- 4,931
Other revenue....................	8,568	8,720	8,990	+ 270
Total revenue..................	$ 37,947	$ 36,800	$ 31,803	$- 4,997
Outlays	$- 3,168	$- 587	$ 5,120	$+ 5,707
Unobligated balance, end of year.	$ 6,482	$ 6,882	$ 1,685	$- 5,197

VETERANS REOPENED INSURANCE (VRI)

The VRI revolving fund was established on May 1, 1965 and closed on May 2, 1966. It offered veterans who served between October 8, 1940 and January 1, 1957, the opportunity to obtain permanent life insurance coverage. This coverage was extended only to individuals with service-connected or non-service-connected disabilities who were either uninsurable or who could not qualify for standard rates and were not on active duty at the date of issue of the policy.

Workload, Obligations and Revenue

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
No. of policies in force, end of year	144,053	132,213	128,983	- 3,230
Amount of insurance in force, end of year	$ 986,671	$ 923,234	$ 899,309	$-23,925
Obligations:				
Death claims.....................	$ 19,851	$ 20,230	$ 20,120	$- 110
Dividends.....................	29,384	34,930	31,770	- 3,160
Other	53,345	74,843	18,670	-56,173
Total obligations	$ 102,580	$ 130,003	$ 70,560	$-59,443
Revenue:				
Premiums earned..................	$ 21,329	$ 19,780	$ 16,640	$- 3,140
Other revenue..................	66,323	64,520	56,860	- 7,660
Total revenue..................	$ 87,652	$ 84,300	$ 73,500	$-10,800
Outlays	$ 11,417	$ 43,603	$- 4,540	$-48,143
Unobligated balance, end of year .	$ 509,850	$ 463,890	$ 466,830	$+ 2,940

SERVICEMEN'S GROUP LIFE INSURANCE (SGLI)

This fund provides insurance coverage for military personnel, reservists, members of the National Guard, Service Academy cadets and midshipmen, and certain ROTC students. Beginning on January 1, 1986, the maximum coverage was increased from $35,000 to $50,000 (Public Law 99-166). This resulted in an increase in the dollar amount of the insurance in force in 1986. Although this program is supervised by the VA, it is administered by the Prudential Insurance Company of America as primary insurer. The fund provides for the payment of group life insurance premiums to private insurance companies under the Servicemen's Group Life Insurance Act of 1965, as amended, as well as any expenses incurred by the VA in administration of the program.

Workload, Obligations and Revenue

(dollars in thousands)

No. of policies in force, end of year	3,398,600	3,398,600	3,398,600	...
Amount of insurance in force, end of year	$118,260,925	$168,957,000	$168,957,000	...
Obligations:				
Premium payments to insurer.....	$ 101,230	$ 183,990	$ 223,700	$+39,700
Administrative expenses paid to General operating expenses account	462	510	520	+ 10
Total obligations	$ 101,692	$ 184,500	$ 224,300	$+39,800
Revenue:				
Withholdings from service pay...	$ 107,025	$ 145,850	$ 178,200	$+32,350
Interest on U.S. Securities	14,368	13,450	9,900	- 3,555
Total Revenue	121,393	159,300	188,100	+28,800
Outlays.....................	$- 19,750	$ 25,300	$ 35,100	$+ 9,800
Unobligated balance, end of year	$ 129,534	$ 104,334	$ 68,134	$-36,200

NATIONAL SERVICE LIFE INSURANCE

The NSLI trust fund was established in 1940 to serve the insurance needs of World War II service personnel and veterans. Issuance of new policies ended in 1951. It is sustained through premium collections and interest on investments. This is the largest Government administered insurance program.

Workload, Obligations and Revenue

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
No. of policies in force, end of year	3,105,575	3,004,945	2,906,155	- 98,790
Amount of insurance in force, end of year	$22,149,252	$21,583,959	$21,132,677	$-451,282
Obligations:				
Death claims	$ 487,584	$ 500,300	$ 514,800	$+ 14,500
Dividends	676,933	762,500	867,000	+ 104,500
Other obligations	280,273	289,688	294,700	+ 5,012
Total obligations	$ 1,444,790	$ 1,552,488	$ 1,676,500	$+ 124,012
Revenue:				
Premiums earned	$ 420,883	$ 435,700	$ 435,842	$+ 142
Interest on investments	882,231	922,483	955,000	+ 32,517
Payment from VI&I	1,774	2,617	2,058	- 559
Offsetting collections	425,686	435,900	449,400	+ 13,500
Total revenue	$ 1,730,574	$ 1,796,700	$ 1,842,300	$+ 45,600
Outlays	$ 955,965	$ 1,066,588	$ 1,170,400	$+ 103,812
Unobligated balance, end of year	$ 8,841,479	$ 9,081,278	$ 9,247,078	$+ 165,800

UNITED STATES GOVERNMENT LIFE INSURANCE (USGLI)

The USGLI trust fund was established in 1919 to receive premiums and pay claims on insurance converted from the War risk term insurance of World War I.

Workload, Obligations and Revenue

(dollars in thousands)

No. of policies in force, end of year	63,360	58,170	52,780	- 5,390
Amount of insurance in force, end of year	$ 247,999	$ 226,599	$ 204,323	$- 22,276
Obligations:				
Death claims	$ 31,641	$ 27,920	$ 26,130	$- 1,790
Dividends	15,423	14,830	12,800	- 2,030
Other obligations	7,076	6,860	6,760	- 100
Total obligations	$ 54,140	$ 49,610	$ 45,690	$- 3,920
Revenue:				
Premiums earned	$ 76	...	...	...
Interest on investments	21,459	$ 19,201	$ 17,302	$- 1,899
Payment from VI&I	21	19	18	- 1
Offsetting collections	6,986	6,160	5,540	- 620
Total revenue	$ 28,542	$ 25,380	$ 22,860	$- 2,520
Outlays	$ 45,698	$ 44,230	$ 41,200	$- 3,030
Unobligated balance, end of year	$ 246,518	$ 222,288	$ 199,158	$- 23,130

VETERANS SPECIAL LIFE INSURANCE (VSLI)

The VSLI trust revolving fund was made available for the payment of claims for the insurance program authorized for insurable veterans who served in the Armed Forces after April 24, 1951 and up to January 1, 1957.

Workload, Obligations and Revenue
(dollars in thousands)

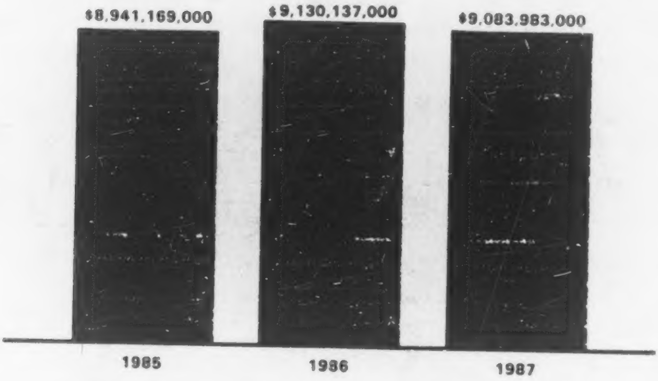
	1985	1986	1987	Increase (+) Decrease (-)
No. of policies in force, end of year	366,543	355,513	340,013	- 15,500
Amount of insurance in force, end of year	$3,218,759	$3,042,343	$2,928,765	$- 113,578
Obligations:				
Death claims......................	$ 23,154	$ 24,050	$ 25,810	$+ 1,760
Dividends	63,184	68,900	75,000	+ 6,100
Other obligations................	27,950	29,340	32,090	+ 2,750
Total obligations	$ 114,288	$ 122,290	$ 132,900	$+ 10,610
Revenue:				
Premiums earned..................	$ 72,775	$ 77,540	$ 77,180	$- 360
Interest and other receipts.....	98,119	107,660	114,620	+ 6,960
Total revenue	$ 170,894	$ 185,200	$ 191,800	$+ 6,600
Outlays	$- 66,823	$- 71,910	$- 66,300	$+ 5,610
Unobligated balance, end of year .	$ 899,275	$ 961,675	$1,020,575	$+ 58,900

MEDICAL CARE

The Medical care appropriation provides for medical care and treatment of eligible beneficiaries in Veterans Administration (VA) hospital, nursing home care, domiciliary and outpatient clinic facilities; contract hospitals; State home facilities--on a grant basis; contract community nursing homes; and through the hometown outpatient program on a fee basis. Hospital and outpatient care is also provided for certain dependents and survivors of veterans under the Civilian health and medical program of the Veterans Administration (CHAMPVA). Funds also provide for training of medical residents and other personnel in health-science fields to support the Agency's and the Nation's manpower demands.

The budget authority requested for 1987 is $9,083,983,000, a decrease of $46,154,000 below 1986.

BUDGET AUTHORITY



LEGISLATIVE INITIATIVES

The Veterans Administration operates the Nation's largest medical care system. A comprehensive reform of VA medical care eligibility is being reproposed both for veterans over and under 65 years of age. This reform would allow VA to target and sustain quality care for veterans injured during military service and for veterans without resources to defray all or part of their health care expenses, while accommodating the changing health care needs of eligible aging veterans.

The Administration will continue to seek enactment of the President's proposal to give the VA authority to recover the cost of care provided to nonservice-connected veterans from private medical insurance policies.

Obligations and Budget Authority

(dollars in thousands)

	1985	1986	1987	Increase(+) Decrease(-)
Program:				
VA facilities:				
Hospital care.................	$5,390,914	$5,502,652	$5,368,148	$-134,504
Nursing home care............	390,432	440,112	480,721	+ 40,609
Domiciliary care.............	95,198	101,460	105,113	+ 3,653
Outpatient services..........	1,686,184	1,776,025	1,739,317	- 36,708
Misc. benefits and services..	345,617	349,914	279,152	- 70,762
Education and training.......	465,190	484,512	496,762	+ 12,250
Subtotal	8,373,535	8,654,675	8,469,213	-185,462
Non-VA facilities:				
Contract hospitals...........	144,333	142,975	167,528	+ 24,553
State home hospitals.........	3,686	3,423	3,465	+ 42
Community nursing............	268,936	294,637	324,284	+ 29,647
State home nursing...........	50,217	54,434	56,960	+ 2,526
State home domiciliaries.....	13,045	13,247	13,437	+ 190
CHAMPVA......................	82,522	81,697	109,096	+ 27,399
(Inpatient)................	(59,495)	(58,900)	(78,653)	(+ 19,753)
(Outpatient)...............	(23,027)	(22,797)	(30,443)	(+ 7,646)
Subtotal	562,739	590,413	674,770	+ 84,357
Total obligations	8,936,274	9,245,088	9,143,983	-101,105
Financing:				
Reimbursements.................	- 55,621	- 60,000	- 60,000	...
Unobligated balance available:				
Start of year................	...	- 55,272	...	+ 55,272
End of year..................	55,272	...	...	...
Reduction in new spending authority (offsetting collections).....	...	321	...	- 321
Unobligated balance lapsing....	5,245	...	...	...
Budget authority................	$8,941,169	$9,130,137	$9,083,983	$- 46,154

Average Employment

Average or full-time equivalent employment (FTEE), by program is as follows:

	1985	1986	1987	Increase(+) Decrease(-)
Hospitals:				
Medical bed sections...........	58,366	57,376	54,360	- 3,016
Surgical bed sections..........	35,303	34,742	32,138	- 2,604
Psychiatric bed sections.......	31,754	31,284	29,849	- 1,435
Intermediate bed sections......	15,319	15,746	16,561	+ 815
Hospitals, subtotal..........	140,742	139,148	132,908	- 6,240
VA nursing home care units	12,137	13,388	14,000	+ 612
VA domiciliaries	2,414	2,471	2,487	+ 16
Outpatient services..............	32,551	32,333	30,362	- 1,971
Miscellaneous benefits and services	5,042	4,958	4,991	+ 33
Non-VA programs support..........	942	926	932	+ 6
Total, net	193,828	193,224	185,680	- 7,544
Adjustment for common services...	- 599	- 589	- 587	+ 2
Total, jurisdictional.......	193,229	192,635	185,093	- 7,542
(Education and training support distributed above)..............	(9,073)	(9,135)	(9,091)	(- 44)

The 1986 appropriation provided funding to support an average employment level of 193,941. Although a ceiling has been provided which includes the 193,941 FTE, the 1986 estimate is lower than the ceiling provided and reflects the effect of sequestration associated with P.L. 99-177.

The 1987 decrease in obligations and FTEE is $101,105,000 and 7,542 respectively below 1986. Details on these decreases are provided below.

The decrease in employment and obligations are summarized in the table below:

Programs	FTEE Increase	($000's) Obligations
Program reforms and management initiatives.....	- 8,927	$- 503,691
Workload related changes:		
- Existing VAMCs..............................	- 108	- 37,647
- Extended care programs......................	+ 141	+ 14,919
- Contract hospital...........................	...	+ 7,220
- CHAMPVA.....................................	...	+ 15,080
- Real property rental........................	...	+ 2,474
Subtotal..............................	+ 33	+ 2,046
Other program improvements.....................	+ 143	+ 19,800
Education and training.........................	- 98	+ 5,382
Payroll and existing employment................	...	+ 63,209
Cost for inflation and rate change.............	...	+ 177,395
Maintenance & repair and capital investment....	...	+ 72,554
Facility activations...........................	+ 1,307	+ 62,200
Total.........................	- 7,542	$- 101,105

Detail explanations of changes are provided below.

o The program reforms and management initiative proposals totalling $503,691,000 and 8,927 FTEE are included in this request. These proposals are designed to ensure care to service-connected and low income veterans and allowing others to be treated when space and resources are available. The table below outlines the distribution of these proposals:

Proposals	FTEE	($000's) Obligations
Savings from treating fewer low priority veterans......	- 6,988	$- 351,116
One percent productivity increase......................	- 1,939	- 57,200
Beneficiary travel reform..............................	...	- 95,200
Supply fund overhead charges...........................	...	- 175
	- 8,927	$- 503,691

o Workload related changes and extended care program shows a net increase of $2,046,000 and 33 FTEE. Of this amount, existing VA medical centers' hospital activity decreases by $37,647,000 and 108 FTEE and extended care programs, contract hospital, CHAMPVA, and real property rental increases by a total of $39,693,000 and 141 FTEE.

o Increase for other program improvements obligations are as follows:

Programs	FTEE	($000's) Obligations
National disaster medical system (NDMS).................	+ 69	$+ 1,025
Decentralized hospital computer program (DHCP) (excluding capital investment)	...	+4,721
Most efficient organization (MEO).......................	...	+5,000
Hospital based home care................................	+ 20	+ 915
Adult day health care (ADHC)............................	...	+4,000
Medical district initiated peer review organization (MEDIPRO)...	+ 54	+3,339
	+ 143	$+19,800

o For education and training activities, a net increase of $5,382,000 and an employment reduction of 98 FTEE for trainees and instructors is proposed in 1987. Of this amount, an increase of $240,000 and 3 FTEE are requested for the expansion of the Murfreesboro affiliation, $8,757,000 is transferred from the Postgraduate and inservice training program of the MAMOE appropriation to Medical care miscellaneous benefits activity to support continuing education of VAMC staff; and a reduction of $3,615,000 and 101 FTEE to adjust for a one-time use in 1986 for an approved CMD geriatric initiative.

o Payroll increases for medical staff of $63,200,000 will provide within grades, educational stipend increases, Medicare tax increases, adjustment in employee health benefits and increases for Federal employee compensation payments.

o Increases in costs of supplies, materials, drugs, medicines, utilities, higher rates for direct lease space and other services and private sector treatment rates are estimated to cost an additional $177,395,000.

o A capital investment net program level of $386,947,000 (excluding activation equipment) consists of $97,941,000 for equipment replacement, $124,024,000 for equipment additions, $27,983,000 for minor alterations and improvement projects and $136,999,000 for maintenance and repair. This is an increase of $72,554,000 over the 1986 level.

o The increases for facility activations total $62,200,000 and 1,307 FTEE. Of these amounts, $68,187,000 and 1,307 FTEE are for increased medical and support services, which includes resources for replacement and modernization of medical centers at Augusta, GA, Biloxi, MS, Minneapolis, MN, New Orleans, LA, Philadelphia, PA, Portland, OR and San Francisco, CA. The decrease of $5,987,000 is estimated for equipment associated with construction projects and, when deducted from the 1986 equipment level of $170,000,000, brings the total equipment request for facility activations to $164,013,000.

The 1987 budget provides for the medical care and treatment of 1,375,880 inpatients treated, with an average daily census of 98,912 and for outpatient medical visits totaling 18,564,000.

Workloads and Workload Indicators

Workloads and indicators of the medical care and treatment programs for the actual, current and budget years are set forth in the following tables:

Inpatient Beneficiaries Treated

An inpatient beneficiary treatment level of 1,375,880 is estimated for 1987--a decrease of 57,354 below the 1986 level.

	1985	1986	1987	Increase(+) Decrease(-)
VA facilities:				
Hospitals:				
Medical bed sections.........	764,511	764,511	735,178	-29,333
Surgical bed sections........	324,162	318,042	295,133	-22,909
Psychiatric bed sections....	183,667	188,130	180,464	- 7,666
Intermediate bed sections...	33,362	35,019	36,892	+ 1,873
Hospitals, subtotal.......	1,305,702	1,305,702	1,247,667	-58,035
Nursing home care units........	20,442	21,523	22,296	+ 773
Domiciliaries.................	13,126	13,307	13,364	+ 57
Subtotal	1,339,270	1,340,532	1,283,327	-57,205
Non-VA facilities:				
Contract hospitals............	31,307	26,399	24,437	- 1,962
Community nursing.............	38,907	38,969	39,926	+ 957
State domiciliaries...........	8,440	8,775	8,908	+ 133
State nursing.................	13,540	14,309	14,991	+ 682
State hospitals...............	3,991	4,250	4,291	+ 41
Subtotal	96,185	92,702	92,553	- 149
Total....................	1,435,455	1,433,234	1,375,880	-57,354

Average Daily Inpatient Census

An average daily inpatient census of 98,912 is estimated for 1987. This represents a decrease of 1,547 below 1986 and a decrease of 1,003 below 1985 actual experience.

VA facilities:				
Hospitals:				
Medical bed sections..........	20,840	20,187	18,980	- 1,207
Surgical bed sections.........	10,756	10,240	9,351	- 889
Psychiatric bed sections.....	18,092	17,463	16,501	- 962
Intermediate bed sections....	9,622	9,772	10,172	+ 400
Hospitals, subtotal........	59,310	57,662	55,004	- 2,658
Nursing home care units.........	9,556	10,592	10,972	+ 380
Domiciliaries..................	5,979	6,218	6,245	+ 27
Subtotal	74,845	74,472	72,221	- 2,251
Non-VA facilities:				
Contract hospitals.............	948	794	735	- 59
Community nursing..............	11,444	11,731	12,019	+ 288
State domiciliaries............	4,334	4,516	4,584	+ 68
State nursing..................	7,846	8,434	8,836	+ 402
State hospitals................	498	512	517	+ 5
Subtotal	25,070	25,987	26,691	+ 704
Total.....................	99,915	100,459	98,912	- 1,547

Medical Outpatient Visits

A total of 18,564,000 outpatient medical visits are estimated for 1987--a decrease of 1,114,000 below 1986 estimate.

(visits in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Staff	17,790	17,790	16,676	- 1,114
Fee	1,796	1,888	1,888	...
Total	19,586	19,678	18,564	- 1,114

Dental Outpatient Workload

Current projections indicate that the same number of veterans will apply for fee dental care in 1987.

Staff examinations	185,306	190,000	190,000	...
Staff treatments	172,408	180,000	180,000	...
Total	357,714	370,000	370,000	...
Fee cases completed	22,588	22,000	22,000	...

Inpatient Workload Indicators, VA Hospitals

A decrease in the number of admissions to VA hospitals is anticipated to be-55,392 in 1987. Length of patient stay is anticipated to remain the same.

Admissions	1,249,374	1,248,713	1,193,321	-55,392
Length of stay in days	19.2	18.7	18.7	...

Staffing Ratios, VA Hospitals

Staffing ratios per 100 patients for VA hospitals in 1987 are anticipated to increase by 1 over the 1986 level and increase by 5 over 1985.

Medical bed sections	280	284	286	+ 2
Surgical bed sections	328	339	344	+ 5
Intermediate bed sections	159	161	163	+ 2
Medical, surgical and intermediate composite	264	268	268	...
Psychiatric bed sections	176	179	181	+ 2
Composite, VA hospitals	237	241	242	1

Civilian Health and Medical Program of the Veterans Administration (CHAMPVA)

CHAMPVA dependent workloads of 329 average daily inpatient hospital census is estimated to increase by 53 from 1986 and remain the same as 1985. Outpatient fee visits of 292,576 are 40,620 higher than 1986 and decreases by 12,792 from 1985.

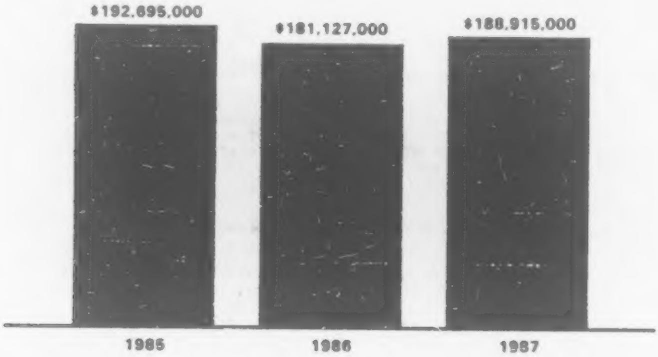
Hospital average census	382	329	382	+ 53
Outpatient fee visits	305,368	251,956	292,576	+40,620

MEDICAL AND PROSTHETIC RESEARCH

This appropriation provides funds for the conduct of the Veterans Administration (VA) Medical, Rehabilitation and Health services research programs. Medical research supports programs involved in the treatment and diagonsis of diseases particularly relevant to the veteran. Rehabilitation research program focuses on rehabilitation engineering problems in the field of prosthetics, orthotics development, adaptive equipment for vehicles, spinal cord injury, sensory aids and related areas. This appropriation also supports Health services research projects at VA medical centers for improving the effectiveness, accessibility, and economy of health services delivery to veterans. It is a two-year appropriation where funds unobligated at the end of the first fiscal year are available for obligation in the ensuing fiscal year.

The budget authority requested for 1987 is $188,915,000, a $7,788,000 above 1986. 1/

BUDGET AUTHORITY



1/ It should be noted that the budget authority in 1985 includes $5,426,000 related to the Centers for Disease Control (CDC) Epidemiology Study and the budget authority for CDC in 1986 and 1987 is $2,201,000 and $3,450,000 respectively.

Obligations, Budget Authority and Employment
(dollars in thousands)

	1985	1986	1987	Increase(+) Decrease(-)
Program:				
Medical research................	$204,867	$164,427	$169,569	$+ 5,142
Rehabilitation research.........	15,358	15,345	16,537	+ 1,192
Health services research........	6,409	6,458	8,009	+ 1,551
Total obligations..........	226,634	186,230	194,115	+ 7,885
Financing:				
Reimbursements..................	- 4,345	- 4,500	- 5,200	- 700
Unobligated balance available:				
Start of year................	- 31,792	- 1,843	- 1,240	+ 603
End of year..................	1,843	1,240	1,240	...
Unobligated balance lapsing....	355	...	...	...
Budget authority 1/.............	$192,695	$181,127	$188,915	$+ 7,788
Average employment (FTEE):				
Medical research................	4,126	3,950	3,803	- 147
Rehabilitation research	247	243	263	+ 20
Health services research	178	175	200	+ 25
Total......................	4,551	4,368	4,266	- 102

The 1986 appropriation provided funding to support an average employment level of 4,348. Although a revised employment ceiling of 4,388 has been provided because of an increase in reimbursement funding, the 1986 estimate is lower than ceiling provided and reflects the effects of sequestration associated with P.L 99-177.

The 1987 resources will:

- Maintain a vigorous intramural program, largely focused on veteran patient care within the VA system.
- Meet uncontrollable increases in Medical, Rehabilitation and Health Services research for pay, equipment and supplies and materials costs.
- Maintain cooperative studies and career development programs relevant to veterans needs.
- Fund studies in Medical research in the areas of heart disease, schizophrenia, spinal cord injury, diabetes, cancer, aging, alcoholism, health-related problems of Vietnam era veterans - including the effects of exposure to Agent Orange, and the health problems of former Prisoners of War (POW) and female veterans.
- Continue support for Rehabilitation research, including support for projects to improve the function and fit of artificial limbs. To continue development of voice-controlled robotics for the totally paralyzed. To continue the development of advanced mobility aids for the visually impaired and computer-based hearing aids for the deaf. To continue research in specialized physical fitness programs to improve overall physical conditioning.
- Provide continued support in Health services research for the investigator-initiated research studies, and management and service-initiated research. The 1987 request provides resources for the evaluation of the VA's adult day health care program as required by P.L. 98-160.

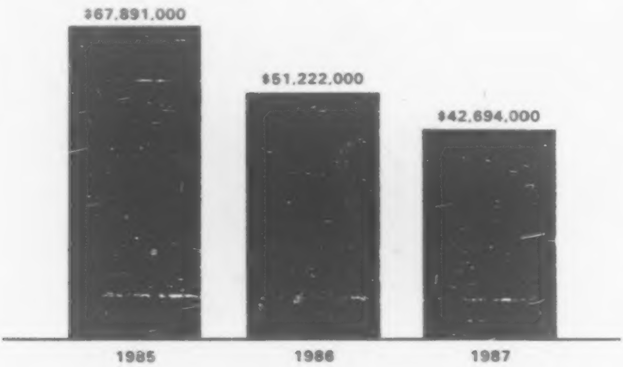
1/ It should be noted that the budget authority in 1985 includes $5,426,000 related to the Centers for Disease Control (CDC) Epidemiology Study and the budget authority for CDC in 1986 and 1987 is $2,201,000 and $3,450,000 respectively.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

This appropriation provides funds for: (1) Central Office executive direction, administration and supervision of all Veterans Administration (VA) medical programs including development and implementation of policies, plans and program objectives, and follow-up action to insure accomplishment of goals; (2) Postgraduate and inservice training activities in support of continuing education for employees of various medical programs including costs of tuition, travel, lecturer's fees and training materials and equipment, which are being transferred to the Education and Training section of the Medical Care appropriation and to Medical Administration for continuing education needs of the Central Office staff; and (3) a Health Professional Scholarship program which provided nursing scholarships for eligible, full-time and part-time students in degree programs. Final new awards were made in 1985.

The budget authority requested for 1987 is $42,694,000 which is a $8,528,000 decrease from the 1986 level.

BUDGET AUTHORITY



Obligations, Budget Authority and Employment

(dollars in thousands)

	1985	1986	1987	Increase(+) Decrease(-)
Program:				
Medical administration..........	$50,427	$42,329	$42,694	$+ 366
Postgraduate and inservice training..........................	10,807	8,556	...	- 8,556
Health professional scholarship..	4,564	338	...	- 338
Total obligations...........	65,798	51,222	42,694	- 8,528
Financing:				
Unobligated balance lapsing	2,093	...	...	...
Budget authority	$67,891	$51,222	$42,694	$- 8,528
Average employment (FTEE):				
Medical administration	802	664	591	- 73
Health professional scholarship..	7	...	...	...
Total	809	664	591	- 73

The 1986 resource level has been reduced as a result of three factors: (1) An unspecified Congressional reduction of $3,000,000; (2) a Congressional across-the-board reduction of 1.1% ($595,000); and (3) the sequestration of $2,302,000 pursuant to P.L. 99-177.

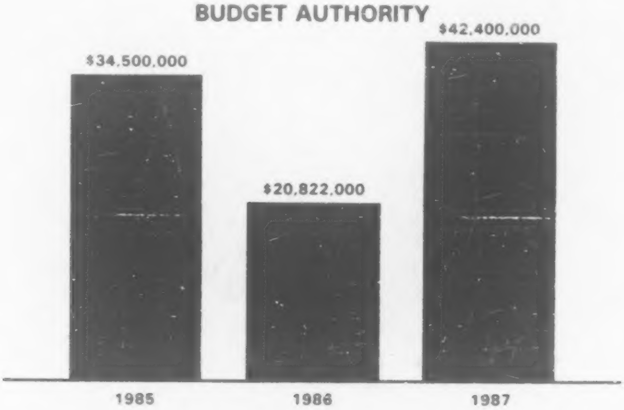
The 1987 request is $8,528,000 and 73 average employment less than the 1986 level and reflects the following:

- o The transfer of the funding for the Facility Engineering, Planning and Construction (FEPAC) office to the Construction, minor projects appropriation - a decrease of $3,856,000 and 73 FTEE.
- o The elimination of the Postgraduate and Inservice Training activity under the MAMOE appropriation and transfer of funding for staff training to appropriation/account which supports employee salaries; $8,556,000 was transfered to the Medical Care appropriation and $184,000 to the Medical Administration Activity in this account - a net decrease of $8,372,000.
- o No new funding is requested for the Health Professional Scholarship program - a decrease of $338,000.
- o Program increases of $4,038,000 are requested to fund a physician staffing study estimated at $2,000,000, uncontrollable inflation and payroll increases, and other program support. Three FTEE and $136,000 are being redirected as follows: one FTEE and $50,000 to support the Office of Quality Assurance for Medical District Initiated Peer Review Organization (MEDIPRO) activities, and two FTEE and $86,000 for the Office of Administration to provide central office supervision of Most Efficient Organization (MEO) studies.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

This appropriation provides funds to assist the States in the acquisition or construction of State nursing home care and domiciliary facilities and the remodeling, modification or alteration of existing buildings for furnishing domiciliary, nursing home or hospital care to veterans in State homes. Funds provided by this appropriation in 1987 will remain available until September 30, 1989.

The budget authority requested for 1987 is a $21,578,000 increase from the 1986 level.



Obligations and Budget Authority

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Program:				
Grants to States for the construction, remodeling or renovation of State home facilities - total obligations.	$29,136	$39,654	$25,672	$-13,982
Financing:				
Unobligated balance available:				
Start of year........................	-17,301	-22,665	- 3,833	+18,932
End of year..........................	22,665	3,833	20,561	+16,729
Budget Authority.......................	$34,500	$20,822	$42,400	$ +21,578

The level of funding in 1987 would allow VA to continue to make progress toward reducing the number of backlogged applications on hand, and result in extended care beds being available sooner. Reducing the backlog of unfunded projects will encourage States without homes, and those with minimal nursing home bed capacities, to make applications for grants under this program.

25-37

This program was approved on August 19, 1964 (Section 5031-5037, Title 38, U.S.C.) and authorized an appropriation of $5 million per year for a period of five years beginning in 1965. Public Law 90-432 extended the authority from 5 years to 10 years, and Public Law 93-82 extended the authority to 15 years. Public Law 95-62 provided for a single authorization of up to $15 million with VA participation in construction of new domiciliaries as well as new nursing homes, and for sums appropriated to remain available until expended. The program was extended to September 30, 1982 by Public Law 96-151, which continued the authorization of $15 million through 1980, and provided for such sums as necessary for 1981 and 1982. Public Law 97-251 extends authorization for this program through 1986. Authorization to extend this program through September 30, 1991 is being proposed. Public Law 98-528 authorizes grants to allow States to purchase facilities to be used as State homes.

A grant may not exceed 65 percent of the total cost of a facility acquisition or construction project, and grants to any one State may not exceed one-third of the amount appropriated in any fiscal year. Legislation is being proposed to eliminate the one-third limitation under which grants to any one State may not exceed one-third of the amount appropriated in any fiscal year.

A total of $225,298,000 was appropriated for fiscal years 1966 through 1986. Of this amount, $179,079,000 had been obligated as of September 30, 1985. These obligations were for 169 projects with a total estimated cost of $301,919,000.

(dollars in thousands)

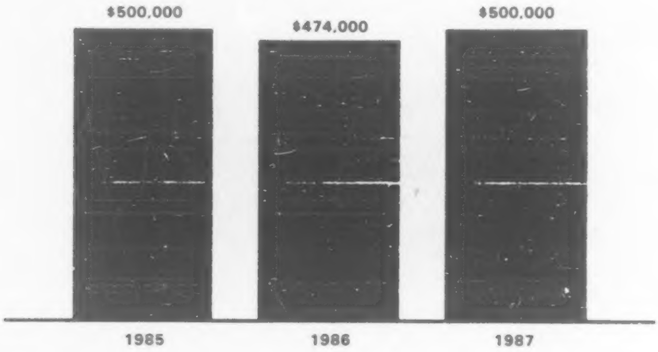
Location	Projects		Number of New Beds	Total Estimated Cost	Actual VA Commitments/ Obligations
	With Beds	W/O Beds			
Ardmore, OK	1	1	100	$ 2,295	$ 1,492
Augusta, GA	1	...	192	1,956	978
Augusta, ME	1	...	120	4,472	2,907
Barboursville, WV	2	...	201	4,060	2,508
Bennington, VT	4	2	185	11,737	6,883
Boise, ID	1	...	90	2,223	1,368
Bristol, RI	2	...	315	4,611	2,891
Buffalo, WY	1	1	60	3,191	1,967
Charlotte Hall, MD	3	...	378	19,556	12,223
Chelsea, MA	...	15	...	5,160	2,762
Clinton, OK	1	2	36	758	471
Columbia Falls, MT	1	...	40	449	220
Columbia, SC	1	...	115	1,982	687
Erie, PA	1	3	75	5,013	2,349
Florence, CO	1	...	120	1,331	848
Ft. Dodge, KS	1	...	88	830	415
Grand Island, NE	2	1	200	3,300	1,333
Grand Rapids, MI	1	1	537	21,754	12,844
Hastings, MN	...	1	...	1,969	1,279
Hollidaysburg, PA	2	1	412	6,989	4,414
Holyoke, MA	1	9	155	2,848	1,324
Homelake, CO	...	5	...	924	598
Hot Springs, SD	...	2	...	72	47
Jackson, LA	1	...	235	8,675	5,000
King, WI	3	6	445	14,984	8,352
Lafayette, IN	2	...	250	12,532	6,126
Lisbon, ND	...	2	...	1,791	1,158
Little Rock, AR	1	...	150	1,912	1,243
Manteno, IL	1	...	300	18,094	11,761
Marquette, MI	...	1	...	4,289	2,788
Marshalltown, IA	3	15	620	26,611	16,840
Menlo Park, NJ	2	2	200	5,187	2,696
Mexico, MO	1	...	150	6,336	4,105
Milledgeville, GA	1	1	132	5,849	2,626
Minneapolis, MN	1	4	250	9,513	6,178
Norman, OK	1	1	50	493	246
Orting, WA	1	10	40	4,382	2,805
Paramus, NJ	1	...	114	9,715	5,926
Quincy, IL	1	3	200	4,123	2,254
Retsil, WA	1	7	78	5,236	3,383
Rocky Hill, CT	...	9	...	3,287	1,921
St. James, MO	1	1	60	1,569	848
Sandusky, OH	1	1	300	17,675	11,289
Scotts Bluff, NE	1	1	50	2,693	1,751
Sulfur, OK	...	1	...	107	69
Tilton, NH	2	...	100	2,516	1,485
Truth or Consequences, NM	...	1	...	5,400	3,476
Vineland, NJ	3	1	300	8,131	3,279
Yountville, CA	...	8	...	13,349	8,666
GRAND TOTALS	57	118	7,443	$301,919	$179,079

GRANTS TO THE REPUBLIC OF THE PHILIPPINES

This appropriation provides for grants to replace and upgrade equipment and to rehabilitate the plant and facilities of the Veterans Memorial Medical Center (VMMC). The appropriation is authorized by Public Law 97-72, approved November 3, 1981.

The budget authority requested for 1987 is $500,000.

BUDGET AUTHORITY



Obligations and Budget Authority

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Program:				
Hospital equipment, plant and facilities rehabilitation grants - total obligations....	$ 505	$ 926	$ 500	$- 426
Financing:				
Unobligated balance available:				
Start of year..................	-458	-452	...	+ 452
End of year....................	452	...	...	...
Unobligated balance lapsing.......	1	...	...	...
Budget authority..................	$ 500	$ 474	$ 500	+ 26

Public Law 97-72 was enacted to assure the continued effective care and treatment of U.S. veterans in the VMMC. The law provides authorization for an annual grant of $500 thousand through 1986. Legislation is being proposed to extend this authorization through September 30, 1991. Construction of the Center was authorized by Congress in 1948. Equipment replacement and upgrading are necessary to maintain an acceptable level of medical care. Facility and plant are aging and in need of rehabilitation to remain in service.

The annual grant authorized by Public Law 97-72 is intended to help meet these needs. Funds appropriated are to be used only for equipment replacement and upgrading or rehabilitation of plant and facilities.

ASSISTANCE FOR HEALTH MANPOWER TRAINING INSTITUTIONS

This appropriation was established to provide funds for making grants to eligible applicants for the purpose of health manpower education and training. Specifically, grants were awarded to assist in the establishment or five new State medical schools located in proximity to and operated in conjunction with Veterans Administration (VA) hospitals; grants were also awarded to existing medical schools which are affiliated with the VA, to improve their training; to other health manpower institutions affiliated with the VA to assist in coordination, improvement and expansion of the training of professional, technical allied health and paramedical personnel. In addition, funds were provided to expand and make necessary improvements to VA hospitals to make them suitable for use in health manpower education and training. This was in cooperation with affiliated medical schools and other institutions.

Obligations and Budget Authority

(dollars in thousands)

	1985	1986	1987	Increase(+) Decrease(-)
Program:				
Grants to new medical schools	$ 1,022	$ ...	...	$ ...
Other health manpower training institutions	...	...	...	...
Total obligations	1,022	...	...	...
Financing:				
Unobligated balance available:				
Start of year	-1,078	...	...	
End of year	...	...	...	
Unobligated balance lapsing.........	56	...	...	
Budget authority	...	...	...	...

The funds appropriated in any given year remain available for the seven succeeding years following the year for which they were appropriated. Initial funds for this program were appropriated at the close of 1973. A total of $227 million has been appropriated through 1985. All funds had to have been obligated by September 30, 1985. There will be $1,690,000 outlayed in FY 1986. This will close the account .

A total of five new State medical schools, Wright State University in Ohio; the University of South Carolina; Texas A&M University; Marshall University in West Virginia and East Tennessee State University, have been approved and grant funds made available. There also have been grant awards to 19 established medical schools and 118 other health manpower institutions. The program was amended by the "Veterans Health Program Extension and Improvement Act of 1979", Public Law 96-151, which authorized appropriations through 1982.

OTHER MEDICAL AND RELATED PROGRAMS

CANTEEN SERVICE REVOLVING FUND

This fund, which is financed solely from current revenues, provides for the maintenance and operation of the Veterans Canteen Service at all Veterans Administration (VA) hospitals and domiciliaries. The canteens provide merchandise and services necessary at reasonable prices. These items are intended for the comfort and well-being of veterans in hospitals, nursing homes and domiciliaries.

Revenues for 1987 are estimated to increase $5,067,000 over 1986.

Profit and Loss Statement
(dollars in thousands)

	1985	1986	1987	Increase(+) Decrease(-)
Revenue	$ 183,035	$187,934	$193,001	$+ 5,067
Operating Expense (-)	-179,745	-176,405	-189,501	-13,096
Net operating income	3,290	11,529	3,500	- 8,029
Nonoperating income	+ 549	+ 313	+ 487	+ 174
Net income	$ 3,839	$ 11,842	$ 3,987	$- 7,855
Average employment (FTEE)	3,443	3,530	3,530	...

SPECIAL THERAPEUTIC AND REHABILITATION ACTIVITIES FUND

This revolving fund, established by Public Law 94-581, approved October 21, 1976, provides a mechanism for the furnishing of rehabilitative services to certain veteran beneficiaries. These beneficiaries are receiving medical care and treatment from the Veterans Administration (VA). This is a self-sustaining fund, requiring no appropriation. This is because therapeutic work remuneration for patients and members in VA medical centers will be derived from contractual arrangements with private industry or nonprofit entities.

Revenues for 1987 are estimated to increase $25,000 over 1986.

(dollars in thousands)

	1985	1986	1987	Increase(+) Decrease(-)
Revenue	$ 2,230	$ 2,325	$ 2,350	$+ 25
Expense	- 2,070	- 2,225	- 2,350	- 125
Net income	$+ 160	$+ 100	...	...

GENERAL POST FUND, NATIONAL HOMES

This trust fund is used to promote the comfort and welfare of veterans at hospitals and homes where no general appropriation is available for the involved religious, recreational and entertainment expenses. The fund consists of gifts, bequests and proceeds from the sale of property left in care of the facilities by former beneficiaries. In addition, unclaimed patients' fund balances and proceeds from the sale of unclaimed beneficiaries' property is added to the fund.

The budget authority for 1987 is estimated to be $1,000,000 over 1986

Obligations and Budget Authority

(dollars in thousands)

	1985	1986	1987	Increase(+) Decrease(-)
Program:				
Obligations	$10,604	$12,500	$13,500	$+1,000
Budget Authority				
(permanent indefinite)	$11,521	$12,500	$13,500	$+1,000

CONSTRUCTION PROGRAMS

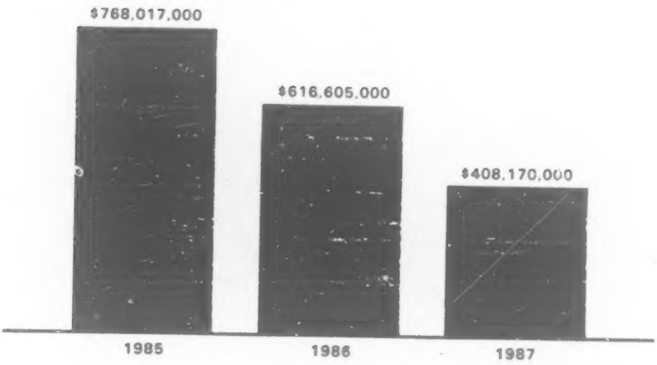
The Veterans Administration's construction program is funded by two appropriations - Construction, major projects, and Construction, minor projects.

The Construction, major projects appropriation, provides for constructing, altering, extending and improving any VA facility, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is $2,000,000 or more, or where funds for a project were made available in a previous major project appropriation.

The Construction, minor projects appropriation, provides for constructing, altering, extending and improving any VA facility, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than $2,000,000 and for personnel and other expenses of the Office of Facilities.

Budget authority for 1987 is $408,170,000, but the program level is $465,170,000 since $57,000,000 in prior budget authority will be reprogrammed from the major working reserve.

BUDGET AUTHORITY



Budget Authority

(dollars in thousands)

Activity	1985	1986	1987	Increase (+) Decrease (-)
Replacement and modernization ...	$84,300	$401,204	212,400	$-188,804
Nursing home care................	39,200	22,454	4,000	-18,454
Domiciliaries....................	11,675	22,959	....	-22,959
Research and education...........	21,250	3,828	11,800	+7,972
Outpatient improvements..........	135,100	957	1,500	+543
Other improvements...............	576,265	306,020	193,785	-112,235
National Cemeteries..............	17,074	10,507	3,600	-6,907
Staff Offices....................	...	1,914	5,000	+3,086
Regional offices, replacement or renovation.................	2,826	1,914	1,900	-14
Emergency Fund...................	1,000	478	300	-178
Reprogrammings applied...........	-159,400	-180,000	-57,000	+123,000
Design Fund......................	...	-10,000	-8,000	+2,000
Subtotal, construction	$729,290	$582,235	$369,285	$-212,950
General administration *	39,098	34,370	38,885	+4,515
Total......................	$768,388	$616,605	$408,170	$-208,435

* Included in FY 1985 is a reprogramming from prior years' appropriation of $371,000 and a recission of $377,000. The FY 1986 General Administration level reflects P.L. 99-177.

Budget Authority and Obligations

(dollars in thousands)

Budget authority..................	$ 768,017	$ 616,605	$408,170	$ -208,435
Unobligated balance:				
Start of year..................	+1,117,710	+1,451,332	+1,271,108	-180,224
End of year....................	-1,451,332	-1,271,108	-566,137	+704,971
Total obligations.................	$434,395	$ 796,829	$1,113,141	$+316,312

Average Employment

General administration............	714	684	733	+49
Purchase and hire (construction fund)...........................	103	100	100	...
Total average employment.....	817	784	833	+49

CONSTRUCTION, MAJOR PROJECTS
PROGRAM DESCRIPTION AND DETAIL REQUEST

(dollars in thousands)

A program level of $358,208,000 is requested for the construction projects listed below. The program will be funded by reprogrammings from prior appropriations in the amount of $57,000,000 and by new budget authority of $301,208,000.

Location	Description	Total Estimated Cost	Available Thru 1986	1987 Request	For Future Consideration
		(dollars in thousands)			
A. Medical Program:					
Replacement and Modernization:					
Augusta(Uptown Division), GA	Replacement Medical Center	$ 97,000	$12,400	$ 84,600	...
Baltimore, MD	Replacement Medical Center	121,000	10,800	110,200	...
Dayton, OH	Bed Replacement and Modernization	84,000	...	8,400	$75,600
North Chicago, IL	Environmental Improvements, Patient and Nursing Home Care Buildings	92,000	...	9,200	82,800
	Subtotal	394,000	23,200	212,400	158,400
Research and Education:					
White River Junction, VT	Research and Education Building	9,300	...	9,300	...
	Subtotal	9,300	...	9,300	...
Other Improvements:					
Advance Planning Fund:					
Various Stations		5,000	...	5,000	...
	Subtotal	5,000	...	5,000	...
Asbestos Abatement:					
Various Stations		9,908	...	9,908	...
	Subtotal	9,908	...	9,908	...
Clinical Improvements:					
Salem, VA	Outpatient, Clinical and Nursing Unit Addition	66,300	...	66,300	...
Salisbury, NC	Geropsychiatric Building	19,000	...	19,000	...
	Subtotal	85,300	...	85,300	...
Design Fund:					
Various Stations		19,000	...	19,000	...
	Subtotal	19,000	...	19,000	...
Electrical Improvements:					
Salt Lake City, UT	Electrical Distribution	6,600	...	6,600	...
	Subtotal	6,600	...	6,600	...
Fire and Safety Improvements:					
Milwaukee(Wood), WI	Fire and Safety Improvements	8,400	...	8,400	...
	Subtotal	8,400	...	8,400	...

CONSTRUCTION, MAJOR PROJECTS, CONT'D
PROGRAM DESCRIPTION AND DETAIL REQUEST

(dollars in thousands)

Location	Description	Total Estimated Cost	Available Thru 1986	1987 Request	For Future Consider-ation
		(dollars in thousands)			
General Projects:					
Waco, TX	Renovate Buildings 10 and 90	$9,700	...	$9,700	...
	Subtotal	9,700	...	9,700	...
Subtotal, Major, Department of Medicine and Surgery		$547,208	$23,200	$365,608	$158,400
B. National Cemetery Program:					
Various Stations	Design Fund	600	...	600	...
Subtotal, Major, Department of Memorial Affairs		600	...	600	...
Subtotal, Construction Program Level Request, Major Projects		$547,808	$23,200	$366,208	$158,400
Less: FY 1986 Design Fund 1/		- 8,000	...	- 8,000	...
Total, Construction Program Level Request, Major Projects		$539,808	$23,200	$358,208	$158,400

1/ This amount represents all technical services funded from the Design Fund that are included in the individual project's total estimated costs.

CONSTRUCTION, MINOR PROJECTS

(dollars in thousands)

Construction Projects by Category	Amount Requested
Medical program:	
Clinical improvements	$ 9,360
Electrical improvements	1,500
Fire and Safety improvements	2,000
General projects	13,000
Heating, ventilating and air conditioning	2,000
Miscellaneous projects ($100,000 - $500,000)	22,017
Nursing home care	4,000
Outpatient improvements	1,500
Research and education	2,500
Subtotal, medical projects	57,877
Staff Offices	5,000
National Cemetery program	3,000
Emergency Fund	300
Regional Office Program	1,900
Subtotal, minor project construction	10,200
General Administration	38,885
Total - Construction, minor project appropriation request	$106,962

General Administration

General administration, funded from the Construction, minor projects appropriation, provides for the expenses of the Office of Facilities. This office is responsible for planning, administration, design and construction supervision, the construction research and development program, and related staff activities.

Obligations

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Personal services	$29,044	$27,926	$30,662	$+2,736
Travel and transportation of persons - employee travel	955	915	1,340	+425
Other	6,106	5,529	6,883	+1,354
Total	$36,105	$34,370	$38,885	$+4,515

GENERAL OPERATING EXPENSES

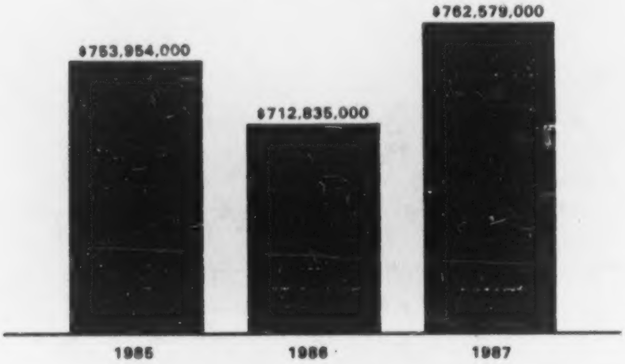
Summary

This appropriation funds Veterans Administration non-medical administrative support for the following activities: Department of Veterans Benefits, Department of Memorial Affairs and General Administration.

In 1987, the Department of Veterans Benefits will operate a network of 59 veterans offices through which all non-medical veteran claims are initiated. The Department of Memorial Affairs will operate and maintain 111 national cemeteries and 32 other miscellaneous sites. General Administration includes the Administrator's Office and all but one of the Agency staff offices which will provide management assistance and support to all Agency programs.

Budget Authority requested for 1987 is $49.7 million above the 1986 level.

BUDGET AUTHORITY



Budget Authority and Obligations

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Program:				
Department of Veterans Benefits	$492,401	$471,688	$517,660	$+45,972
Department of Memorial Affairs	44,513	42,128	44,381	+ 2,253
General Administration	228,381	217,839	226,932	+ 9,093
Total Obligations (Net)	$765,296	$731,655	$788,973	$+57,318
Financing:				
Reimbursements	-16,362	-18,820	-26,394	- 7,574
Unobligated Balance Lapsing	5,019	...	...	...
Budget Authority	$753,954	$712,835	$762,579	$+49,744

Budget estimates for each of the three General Operating Expenses activities follow:

DEPARTMENT OF VETERANS BENEFITS

The Department of Veterans Benefits, one of three major operating elements of the Veterans Administration, is responsible for providing direct benefits and services (except medical) authorized by law to veterans and their dependents. Benefits and services include compensation for service-connected disabilities; pension for aged, needy and unemployable veterans; vocational rehabilitation assistance; educational and training assistance; home buying assistance; life insurance coverage; estate protection services for veterans under legal disability; and information and assistance through personalized contacts.

Summary of Requirements

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Obligations:				
Executive Direction	$ 19,042	$ 18,428	$ 19,208	$+ 780
Veterans Services	71,178	66,014	68,488	+ 2,474
Compensation, Pension and Education	132,021	121,100	122,526	+ 1,426
Loan Guaranty	59,965	58,844	61,874	+ 3,030
Insurance	10,617	10,114	10,168	+ 54
Vocational Rehabilitation & Counseling	22,324	21,726	22,532	+ 806
ADP Systems Management	...	10,791	40,329	+29,538
Office Services	177,254	164,671	172,535	+ 7,864
Total Obligations (Net)	492,401	471,688	517,660	+45,972
Less: Reimbursements	- 2,418	- 2,250	- 2,200	+ 50
Budget Authority	$489,984	$469,438	$515,460	$+46,022
Average Employment:				
Executive Direction	419	389	407	+ 18
Veterans Services	2,423	2,233	2,295	+ 62
Compensation, Pension and Education	4,046	3,710	3,757	+ 47
Loan Guaranty	1,947	1,904	1,972	+ 68
Insurance	490	464	467	+ 3
Vocational Rehabilitation & Counseling	597	572	593	+ 21
ADP Systems Management	...	25	415	+ 390
Office Services	3,494	3,303	3,094	- 209
Total Average Employment (Jurisdictional)	13,416	12,600	13,000	+ 400

Budget Authority requested for DVB in 1987 is $515,460,000. This is an increase of $46,022,000 above the 1986 current estimate. The 1987 request will provide for 13,000 FTEE, an increase of 400 above the current 1986 estimate (including a transfer of 362 FTEE from ODM&T). The requested resources will enable the Department to:

a. Operate 59 regional offices or medical/regional office centers distributed nationwide.
b. Respond to 12.5 million veterans assistance contacts.
c. Adjudicate over 3.8 million compensation and pension claims.
d. Adjudicate over 1.3 education claims.
e. Guarantee 200 thousand home loans.
f. Make over 1.9 million insurance policy service actions.

DEPARTMENT OF MEMORIAL AFFAIRS

The Department of Memorial Affairs administers a threefold mission: first, to provide, upon request, for the interment in any national cemetery with available grave space the remains of eligible deceased servicepersons and discharged veterans (together with their spouses and certain dependents) and to permanently maintain these graves; second, to mark graves of eligible personnel in national and private cemeteries, upon proper application; and third, to administer a grant program for aid to states in establishing, expanding or improving state veterans' cemeteries.

Summary of Requirements

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Obligations:				
Central Office Administration	$ 5,629	$ 5,790	$ 5,842	$+ 52
Field Operations	37,136	34,593	36,776	+2,183
Headstone/Markers Administration ...	1,748	1,745	1,763	+ 18
Total Obligations	$44,513	$42,128	$44,381	$+2,253
Less: Reimbursements	- 245	- 175	- 175	...
Budget Authority	$44,268	$41,953	$44,206	$+2,253
Average Employment	1,219	1,176	1,189	+ 13

Budget Authority of $44,206,000 and 1,189 FTEE are requested for 1987. This is an increase of $2,253,000 and 13 FTEE above the 1986 current estimate level. The 1987 request provides for the following:

a. Maintenance of 1,671,000 occupied gravesites at 143 existing cemeterial activities, an increase of 40,300 gravesites over the 1986 level.

b. Projected interments of 54,500 remains, an increase of 1,500 over the 1986 estimate.

c. Projected processing of 308,000 headstone/marker applications, 8,000 more than during 1986.

d. Start-up costs for opening of the new national cemetery in Florida in early 1987.

e. Savings of 20 FTEE in anticipation of contracting for additional cemetery operations following study and evaluation.

GENERAL ADMINISTRATION

General Administration is one of three activities in the General Operating Expenses (GOE) appropriation. It consists of the Office of the Administrator and all Agency level staff offices except the Office of Procurement and Supply.

Summary of Requirements

(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Obligations:				
Office of Administrator	$ 2,015	$ 2,168	$ 2,517	$+ 349
Inspector General	19,519	18,567	18,118	- 449
Board of Contract Appeals	725	738	728	- 10
Board of Veterans Appeals	16,772	16,251	17,375	+ 1,124
General Counsel	27,414	26,222	26,692	+ 470
Budget & Finance (Controller)	19,389	17,788	18,624	+ 836
Personnel & Labor Relations	9,006	9,227	9,650	+ 423
Equal Opportunity	1,924	1,329	1,426	+ 97
ADA/Congressional & Intergovernmental Affairs	1,175	1,158	1,157	- 1
ADA/Public & Consumer Affairs	2,420	2,662	3,017	+ 355
ADA/Management	587	432	923	+ 491
Data Management and Telecommunications ..	96,595	91,440	89,655	- 1,785
Information Management and Statistics ...	5,947	5,916	7,138	+ 1,222
Program Analysis & Evaluation	3,295	2,606	3,278	+ 672
ADA/Logistics	248	301	280	- 21
Office of Administration	21,382	21,034	26,354	+ 5,320
Total Obligations (Net)	$228,381	$217,839	$226,932	$+ 9,093
Less: Reimbursements	-13,699	-16,395	-24,019	- 7,624
Budget Authority	$214,682	$201,444	$202,913	$+ 1,469
Average Employment:				
Office of Administrator	39	38	39	+ 1
Inspector General	385	384	381	- 3
Board of Contract Appeals	13	13	14	+ 1
Board of Veterans Appeals	437	413	427	+ 14
General Counsel	697	682	688	+ 6
Budget & Finance (Controller)	611	597	594	- 3
Personnel & Labor Relations	208	218	218	...
Equal Opportunity	35	31	32	+ 1
ADA/Congressional & Intergovernmental Affairs	27	26	27	+ 1
ADA/Public & Consumer Affairs	48	55	54	- 1
ADA/Management	8	7	18	+ 11
Data Management and Telecommunications ..	1,841	1,711	1,269	- 442
Information Management and Statistics ...	135	126	130	+ 4
Program Analysis & Evaluation	64	53	52	- 1
ADA/Logistics	4	6	4	- 2
Office of Administration	173	165	176	+ 11
Total Average Employment (Jurisdictional)	4,725	4,525	4,123	- 402

Budget Authority of $202,913,000 requested for 1987 is $1,469,000 above the 1986 level. Average employment of 4,123 for 1987 is 402 below the 1986 current estimate (including a transfer of 362 FTEE to DVB). The 1987 budget provides for the following:

a. Software development for the Payroll and Integrated Data (PAID) System redesign project.
b. Contracting out selected data processing center operations in Hines, IL.
c. Completion of the third Survey of Veterans (SOV III) and two others (Survey of Disabled Veterans, Survey of Medical System Users).
d. Takeover of VA Central Office building management in accordance with General Services Administration's delegation of such authority to building occupants.

SUPPLY REVOLVING FUND

The Supply fund was established July 1, 1953, without fiscal year limitation, to provide for all expenses necessary for the operation and maintenance of a supply system for the Veterans Administration (VA). Its objective is to provide quality support to all programs in the VA and to assure the greatest return for every dollar spent for the acquisition and distribution of supplies and equipment.

In 1987 the system will provide supply support for a VA nationwide health distribution system of 172 hospitals, 119 nursing homes, 16 domiciliaries and 228 outpatient clinics. A total average daily inpatient census of 72,228 is planned in VA facilities for 1987 with 1,291,892 inpatients treated, and 17,263,000 VA staff outpatient medical visits planned.

Specifically, the fund provides for: (1) maintenance of depot and field station inventories; (2) maintenance and operation of three supply depots; (3) a publications depot for storing forms; (4) operation of a service and reclamation program operating out of the supply depots; (5) centralized periodical procurement and library cataloging; and (6) a marketing center or central buying office.

Revenues for 1987 are estimated to increase $37,845,000 over 1986. Average employment will decrease by 24 FTEE due to the anticipated management improvements resulting from contracting out of functions at the forms and publications depot.

Profit and Loss Statement
(dollars in thousands)

	1985	1986	1987	Increase (+) Decrease (-)
Revenue	$651,116	$748,234	$786,079	$+37,845
Expense (-)	-650,121	-746,209	-784,054	-37,845
Net Operating Income	995	2,025	2,025	...
Nonoperating Income (+) or Loss (-) .	- 341	- 25	- 25	...
Net Income	$ 654	$ 2,000	$ 2,000	$ ...
Average Employment, Jurisdictional	602	613	589	- 24

The projected 1987 Supply fund program anticipates the following:

a. An increase in obligations for cost of goods, including the change in undelivered orders and inventory, of 5 percent over 1986.

b. A decrease of 24 FTEE due to the savings resulting from anticipated management improvements resulting from contracting of publications functions.

c. Projected sales of $775 million.

PART 26. 1986 SUPPLEMENTALS

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VETERANS ADMINISTRATION
FISCAL YEAR 1986 SUPPLEMENTAL APPROPRIATION AND SEQUESTRATION

(dollars in thousannds)

	Appropriated	Program Supplemental	Sequestration	Revised Total
Compensation	$10,193,000	$272,000	...	$10,465,000
Pensions	3,834,000	...	...	3,834,000
Burial benefits and miscellaneous assistance	133,800	...	$- 5,801	127,999
Subtotal	14,160,800	272,000	- 5,801	14,426,999
Readjustment benefits	826,000	91,000	- 39,431	877,569
Veterans insurance & indemnities	9,750	...	- 5	9,745
Loan guaranty revolving fund	200,000	...	...	200,000
Medical care	9,247,694	...	-117,557	9,130,137
Medical and prosthetic Research	189,265	...	- 8,138	181,127
Medical administration and miscellaneous operating expenses	53,524	...	- 2,302	51,222
Grants for construction of State extended care facilities	21,758	...	- 936	20,822
Grants to the Republic of the Philippines	495	...	- 21	474
Construction, major	507,360	...	- 21,816	485,544
Construction, minor	136,950	...	- 5,889	131,061
General operating expenses	744,864	...	- 32,029	712,835
Grants for construction of State veterans cemeteries	2,967	...	- 128	2,839
Total Veterans Administration	$26,101,427	$363,000	$-234,053	$26,230,374

COMPENSATION

(Supplemental now requested, existing legislation)

APPROPRIATION LANGUAGE

. For an additional amount for "Compensation", $272,000,000, to remain available until expended.

APPROPRIATION HIGHLIGHTS

(dollars in thousands)

	Presently Available	1986 Revised Estimate	Requested Supplemental
Program by activities:			
(a) Veterans:			
Spanish-American War	$ 7	$ 8	$+ 1
Mexican border period	12	13	+ 1
World War I	46,045	47,270	+ 1,225
World War II	3,607,052	3,703,286	+ 96,234
Korean conflict	911,296	935,558	+ 24,262
Vietnam era	2,321,695	2,383,508	+ 61,813
Peacetime service	1,302,018	1,336,682	+ 34,664
Total veterans	8,188,125	8,406,325	+ 218,200
(b) Survivors:			
Prior to Spanish-American War	8	9	+ 1
Spanish-American War	444	456	+ 12
Mexican border period	7	8	+ 1
World War I	129,144	132,593	+ 3,449
World War II	839,171	861,585	+ 22,414
Korean conflict	225,326	231,345	+ 6,019
Vietnam era	445,833	457,741	+ 11,908
Peacetime service	348,067	357,363	+ 9,296
Total survivors	1,988,000	2,041,100	+ 53,100
(c) Clothing allowance:	22,510	23,210	+ 700
Total obligations	10,198,635	10,470,635	+ 272,000
Financing:			
Unobligated balance available, start of year	- 5,635	- 5,635	...
Budget authority:	10,193,000	10,465,000	+ 272,000
Budget authority:			
Appropriation	10,186,000	10,458,000	+ 272,000
Transferred from other accounts	7,000	7,000	...
Appropriation (adjusted)	10,193,000	10,465,000	+ 272,000
Relation of obligations to outlays:			
Obligations incurred, net	10,198,635	10,470,635	+ 272,000
Obligated balance, start of year	825,840	825,840	...
Obligated balance, end of year	- 816,635	- 843,475	- 26,840
Outlays	$10,207,840	$10,453,000	$+ 245,160

JUSTIFICATION

This supplemental is requested to fund the Veterans' Compensation Rate Increase and Job Training Amendments of 1985 (Public Law 99-238). This act increased compensation benefits to veterans, Dependency and Indemnity Compensation (DIC) for spouses and children by 3.1 percent effective December 1, 1985. It also increased clothing allowance benefits from $349 to $360.

READJUSTMENT BENEFITS

(Supplemental now requested, existing legislation)

APPROPRIATION LANGUAGE

For an additional amount for "Readjustment benefits," $91,000,000, to remain available until expended.

APPROPRIATION HIGHLIGHTS
(dollars in thousands)

	Presently Available	1986 Revised Estimate	Requested Supplemental
Program by activities:			
(1) Education and training:			
(a) Vietnam era veterans	$ 574,868	$ 657,888	$+ 83,020
(b) Sons and daughters	100,958	106,155	+ 5,197
(c) Wives and widow (ers)	9,015	9,876	+ 861
Total education and training	684,841	773,919	+ 89,078
(2) Special assistance to disabled veterans:			
(a) Vocational rehabilitation	100,937	100,937	...
(b) Housing grants	11,857	13,779	+ 1,922
(c) Automobiles, adaptive equipment, maintenance and repair	11,976	11,976	...
Total special assistance to disabled veterans	124,770	126,692	+ 1,922
Total direct program	809,611	900,611	+ 91,000
Reimbursement program:			
Reservist's benefits	41,113	41,113	...
Total obligations	$ 850,724	$ 941,724	$+ 91,000
Financing:			
Offsetting collections from: Federal funds	- 113	- 113	...
Offsetting collections from: Trust funds	- 41,000	- 41,000	...
Unobligated balance available, start of year	- 17,042	- 17,042	...
Unobligated balance transferred, net	- 6,000	- 6,000	...
Budget Authority	786,569	877,569	+ 91,000
Budget authority:			
Appropriation	826,000	826,000	...
Public Law 99-177 sequestration	- 39,431	- 39,431	...
Program supplemental	...	91,000	+ 91,000
Relation of obligations to outlays:			
Obligations incurred, net	809,611	900,611	+ 91,000
Obligations balance, start of year ...	49,606	49,606	...
Obligations balance, end of year	- 39,795	- 39,795	...
Outlays	$ 819,422	$ 910,422	$+ 91,000

JUSTIFICATION

A supplemental of $91,000,000 is requested to fund higher than appropriated costs for: Vietnam-era veterans using their GI Bill benefits; the education training of dependents of deceased or seriously disabled veterans; and specially adapted housing grants for seriously disabled veterans.

The 1986 appropriation (Public Law 99-160) provided $826,000,000 for Readjustment Benefits. The implementation of the sequestration process included in the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177) reduced this funding by $39,431,000 to a budget authority level of $786,569,000. Approval of the $91,000,000 program supplemental would increase the 1986 budget authority to $877,569,000. It should be noted that this supplemental request was determined prior to implementation of the sequestration process. The sequestration reduction was based upon this revised program funding level.

PART 27. FUTURE YEAR PROJECTIONS

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FUTURE YEAR PROJECTIONS
AVERAGE EMPLOYMENT
1987-1991

	1987	1988	1989	1990	1991
Medical programs:					
Medical care	185,093	178,286	172,707	172,478	171,657
Proposed legislation	99	99	99	99	99
Medical and prosthetic research	4,266	4,248	4,098	3,933	3,848
Medical administration and miscellaneous operating expenses	591	591	591	591	591
Canteen service revolving fund	3,530	3,530	3,530	3,530	3,530
Total medical programs	193,579	186,754	181,025	180,631	179,725
Office of Procurement and Supply	589	538	514	502	502
Construction programs:					
Construction, major projects	50	50	50	50	50
Construction, minor projects	783	776	769	762	755
Total Construction programs	833	826	819	812	805
General operating expenses:					
Department of Veterans Benefits	13,000	12,762	12,492	12,194	11,876
Department of Memorial Affairs	1,189	1,177	1,167	1,154	1,142
General administration	4,123	3,852	3,574	3,437	3,401
Proposed legislation	25	25	25	25	25
Total General operating expenses	18,337	17,816	17,258	16,810	16,444
Total Veterans Administration	213,338	205,934	199,616	198,755	197,476

FUTURE YEAR PROJECTIONS
SELECTED WORKLOADS - (EXISTING LEGISLATION)
1987-1991

	1987	1988	1989	1990	1991
Benefit programs:					
Compensation and pensions:					
Average number of cases (000's)	3,811	3,705	3,610	3,524	3,446
Compensation - Veterans	2,217	2,201	2,184	2,165	2,144
- Survivors	326	319	313	306	300
Pensions - Veterans	634	605	580	559	540
- Survivors	634	580	533	494	462
Burial benefits (000's):					
Number of burial allowances	125	123	121	119	117
Number of burial flags	360	370	380	390	400
Number of burial plot allowances	320	330	340	350	360
Headstone/marker applications processed	308	316	324	332	340
Number of interments	55	57	59	63	65
Readjustment benefits:					
Number of trainees (000's)	470	457	422	402	337
Vietnam era veterans	252	210	176	106	...
Peacetime veterans	1	19	42	103	154
Sons and daughters	38	32	27	23	18
Spouses and widow(ers)	4	3	3	2	2
Vocational rehabilitation	26	26	24	24	24
Post-Vietnam trainees	67	70	65	65	68
Reservists	82	97	85	79	71
Education loan fund:					
Education loan granted	45	40	30	5	...
Loan guaranty revolving fund (000's):					
Number of guaranteed or insured loans closed	200	189	179	169	160
Post-Korean conflict veterans and all other	70	66	63	59	56
Vietnam era conflict veterans	84	79	75	71	67
World War II veterans	6	6	5	5	5
Servicepersons	40	38	36	34	32
Direct loan revolving fund:					
Number of direct loans closed	8	7	7	7	7
Insurance programs (000's):					
Insurance policies in force	7,011	6,887	6,772	6,648	6,517
Veterans	3,612	3,488	3,373	3,249	3,118
Servicemen	3,399	3,399	3,399	3,399	3,399

FUTURE YEAR PROJECTIONS
SELECTED WORKLOADS - (EXISTING LEGISLATION)
1987-1991

	1987	1988	1989	1990	1991
Medical programs:*					
Inpatient workloads:					
Hospital care (VA and Non-VA):					
Admissions	1,220,797	1,180,218	1,146,542	1,148,121	1,150,991
Census	56,256	54,254	52,742	52,919	53,022
Patients treated	1,276,395	1,233,968	1,198,758	1,200,409	1,203,410
Nursing home care (VA and Non-VA):					
Admissions	45,386	47,351	49,313	50,181	50,946
Census	31,827	33,630	35,519	36,248	36,530
Patients treated	77,213	80,981	84,832	86,429	87,476
Domiciliary care (VA and Non-VA):					
Admissions	11,443	11,611	11,728	11,825	11,959
Census	10,829	10,985	10,088	11,165	11,314
Patients treated	22,272	22,596	22,816	23,010	23,273
Outpatient workloads:					
Medical visits (000)	18,564	18,067	17,449	17,530	17,631
Staff (000)	16,676	16,179	15,561	15,642	15,743
Fee (000)	1,888	1,888	1,888	1,888	1,888
Dental (000):					
Staff					
Examinations	190	190	190	190	190
Treatments	180	180	180	180	180
Fee cases authorized	22	22	22	22	22
CHAMPVA:					
Hospital average census	382	382	382	382	382
Outpatient fee visits (000)	293	293	293	293	293

* The future year projections for medical care workloads are based on:
- continuing the current priority for treatment of service-connected veterans and allowing others within available space and resources, and
- a reform of eligibility for VA medical care which will assist the most deserving veterans -- those with service-connected disabilities and those who do not have personal resources to defray all or part of their health care expenses.

PART 28. GENERAL ACCOUNTING OFFICE (GAO) AUDIT REPORTS

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GENERAL ACCOUNTING OFFICE (GAO) - AUDIT REPORTS

Submitted in accordance with Title 31 U.S.C. Section 720.

1. IMPACT OF ADMINISTRATIVE BUDGET PROCEDURES ON INDEPENDENCE OF OFFICES OF INSPECTOR GENERAL (GAO/AFMD-84-80), SEPTEMBER 26, 1984

RECOMMENDATION:

To enhance Office of Inspector General (OIG) independence, GAO recommended:

Secretaries/Administrators, or their deputies, in agencies with statutory IGs, should have the IGs' unmodified budget requests, as well as any advice and counsel provided by other agency officials, to clearly reflect that ultimate decisionmaking on the OIG budget is restricted to themselves.

GAO also recommended:

Congressional appropriations and authorizing committees specify a funding floor for OIG activities in appropriations where OIGs' funds are commingled with funds for other activities.

The committees request that each IG testify before the Congress in support of his or her OIG budget request.

ACTION TAKEN:

The budget process in the VA has always provided the Office of the Inspector General (IG) with complete independence in formulating their initial budget and staffing requests. These are then forwarded unchanged to the Deputy Administrator, along with a staff (Office of Budget and Finance (Controller) and Office of Program Planning and Evaluation analysis and recommendation on the IG's request, for a preliminary decision on resource levels. The analysis and recommended levels are also provided to the IG, who may appeal directly to the Deputy Administrator on these levels during internal budget review hearings, and then to the Administrator if still unsatisfied. Because the Administrator and the Deputy Administrator receive both the IG's unmodified budget request and the "advice and counsel provided by other agency officials," it is clear that decision-making is restricted to these two individuals.

Neither authorizing nor appropriations committees have specified a funding floor for the VA IG in enacted appropriations. Nevertheless, the practice of identifying the IG separately in the Agency's Congressional submission will be continued.

Lastly, the VA IG generally accompanies the Administrator and other Agency officials to Congressional hearings and has the opportunity to defend his own budget request. Further, the IG generally meets with Veterans Affairs Committee members and/or staff following submission of the "Semiannual Report of the Inspector General," an in-depth accounting of the IG's activities and resource utilization.

BUDGET IMPLICATIONS:

NONE

2. VA NEEDS A SYSTEMATIC APPROACH TO ASSESS THE MANAGEMENT OF ITS OUTPATIENT CLINICS (GAO/HRD-85-15), December 7, 1985:

RECOMMENDATION:

GAO recommended that the Administrator direct the Chief Medical Director to:

Identify, in consultation with central office, regional, and outpatient clinic officials, performance indicators needed to measure outpatient clinic efficiency;

Establish, and update as necessary, generally accepted standards for indicators that central office and regional management officials can use to identify clinics needing management attention; and

Require that regional directors substantiate, on a clinic-by-clinic basis, the reason(s) for substantial deviations from the revised performance standards and routinely report such information to the responsible central office officials.

ACTION TAKEN:

DM&S is currently working on guidelines for staffing outpatient clinics. The resource allocation model under development departs from traditional VA workload measures in that it begins to move the system toward looking at veterans served (individuals) as a better measure of workload and resource requirements. In that model, veterans with a requirement for special, often expensive, medical, surgical, and psychiatric services are grouped for special funding. Other patients are grouped by age, a good predictor of medical care requirements. Either of these measures could provide input into the refinement of DM&S's current performance standard. We are also working to improve information systems and staffing guidelines currently in place. Implementation of a management control system with incentives for better performance will require a considerable change. The new resource allocation model should drive the system in this direction.

BUDGET IMPLICATIONS:

The resource allocation model should create a savings; however, it is too early in its implementation phase to be able to assess the savings amount accurately.

3. VA CAN REDUCE EXCESS DISABILITY PAYMENTS BY IMPROVING PAY DATA EXCHANGE WITH THE MILITARY SERVICES (GAO/HRD-85-38), May 29, 1985:

RECOMMENDATION:

GAO recommended that the Secretary of Defense require:

The Defense Manpower Data Center (DMDC) to perform an annual match of the active duty and VA disability files to identify persons who received active duty and VA disability benefits concurrently in 1984 and conduct periodic updates throughout the year. The results of these matches should be edited to remove inaccurate data before providing them to VA.

Military Services to reinstruct recruiters on the procedures for notifying VA when disabled veterans reenlist.

Military Finance centers to send all quarterly separation pay data to the DMDC starting with fiscal year 1984 data and have DMDC provide data to VA.

GAO recommended that the Administrator of Veterans Affairs require the Director, Department of Veterans Benefits, to:

a. Follow agency appeal procedures for all 1,060 cases we identified on the 1982 and 1983 tape matches and, as appropriate, suspend disability benefits and compute overpayments.

ACTION TAKEN:

On August 8, 1985, a letter was sent ot each station with a list of their cases for review and appropriate action. The interim summary of the finding follows:

1,060 - Total cases to be reviewed
364 - Cases where no action was necessary due to action previously taken, no running award, etc.
6 - Cases where the only adjustments were to update BIRLS data
475 - Cases currently being developed
153 - Cases still pending
62 - Award adjustments taken

On December 20, 1985, the cases pending were reissued to the field stations for appropriate action and as a reminder to report on the cases being developed.

b. Follow agency appeal procedures and, as appropriate, suspend disability benefits and compute overpayments on veterans identified by DOD as receiving active duty and VA disability benefits concurrently on the 1984 and future year tape matches.

ACTION TAKEN:

The Memorandum of Understanding (MOU) between the Department of Defense and the Veterans Administration has been signed. A quarterly data exchange will begin the week of January 20, 1986. The VA will furnish the Defense Manpower Data Center (DMDC) VA benefits record data for use in identifying beneficiaries who have returned to active duty. Upon receipt of the listings identifying active duty personnel in receipt of VA benefits, the VA will take necessary action to discontinue benefits.

FUTURE YEAR PROJECTIONS BUDGET AUTHORITY

1987-1991

(dollars in thousands)

Appropriation/Fund Account	1987	Estimate 1988	1989	1990	1991
Federal funds:					
Benefit programs:					
Compensation	$10,406,000	$10,294,000	$10,173,000	$10,053,000	$9,929,000
Pensions	3,824,000	3,852,800	3,863,200	3,882,100	3,812,400
Burial benefits and miscellaneous assistance	134,400	137,100	140,000	142,900	145,600
Readjustment Benefits	741,150	648,800	595,700	434,350	400,150
Veterans insurance and indemnities	4,770	11,180	11,780	13,050	13,160
Loan guaranty revolving fund	...	...	...	...	...
Total benefit programs	15,110,320	14,943,880	14,783,680	14,525,400	14,300,310
Medical programs:					
Medical care	9,083,983	9,075,603	9,048,973	9,329,173	9,596,493
Medical and prosthetic research	188,915	189,415	188,565	185,465	185,465
Medical administration and miscellaneous operating expenses	42,694	41,682	42,658	43,618	44,558
Grants for construction of state extended care facilities	42,400	42,000	42,000	42,000	42,000
Grants to the Republic of the Philippines	500	500	500	500	500
Total medical programs	9,358,492	9,349,200	9,322,696	9,600,756	9,869,016
Construction programs:					
Construction, major projects	301,208	585,200	575,500	636,400	661,200
Construction, minor projects	106,962	118,600	130,200	145,500	163,100
Total construction programs	408,170	703,800	705,700	781,900	824,300
General operating expenses & miscellaneous:					
General operating expenses	762,579	782,388	779,648	755,948	729,747
Grant for the construction of state veterans cemeteries	...	...	3,000	3,000	3,000
Total general operating expenses and miscellaneous	762,579	782,388	782,648	758,948	732,747
Total appropriations, adjusted	25,639,561	25,779,268	25,594,724	25,667,004	25,726,373
Proposed legislation:					
Compensation	305,500	737,200	1,125,300	1,490,000	1,544,600
Burial benefits and miscellaneous assistance	-31,200	-33,200	-35,100	-37,000	-38,900
Readjustment benefits	...	...	-8,800	-31,600	-75,200
Medical care	2,327	4,247	5,967	5,967	5,967
General operating expenses	952	952	952	952	952
Post-Vietnam era veterans education account	59,200	110,420	38,300	30,200	15,400
Proprietary receipts from the public	-161,883	-194,105	-250,388	-307,200	-302,400
Intragovernmental transaction	...	...	-5,000	-8,000	-8,000
Total proposed legislation	174,896	625,514	871,231	1,143,319	1,142,419

FUTURE YEAR PROJECTIONS
BUDGET AUTHORITY
1987-1991
(dollars in thousands)

Appropriation/Fund Account	1987	1988	Estimate 1989	1990	1991
Trust funds:					
Post-Vietnam era veterans education account ...	293,500	244,700	291,400	273,200	275,800
General post fund	14,500	15,500	16,500	17,500	18,500
National service life insurance	1,392,900	1,402,100	1,390,700	1,360,900	1,333,500
U.S. Government life insurance	17,320	15,420	13,620	11,720	10,020
Total trust fund (gross)	1,718,220	1,677,720	1,712,220	1,663,320	1,637,820
Proprietary reciepts from the public	-732,643	-684,398	-645,735	-589,163	-597,902
Total trust fund (net)	985,577	993,322	1,066,485	1,074,157	1,039,918
Intragovernmental transactions	-184,576	-176,734	-134,293	-104,952	-96,413
Total Veterans Administration	$26,615,458	$27,221,370	$27,398,147	$27,779,528	$27,812,297

FUTURE YEAR PROJECTIONS
OUTLAYS
1987-1991
(dollars in thousands)

Appropriation/Fund Account	1987	Estimate			
		1988	1989	1990	1991
Federal funds:					
Benefit programs:					
Compensation	$10,415,000	$10,302,000	$10,183,000	$10,062,000	$9,939,000
Pensions	3,825,000	3,850,800	3,861,200	3,880,100	3,810,400
Burial benefits and miscellaneous assistance	134,392	137,100	140,000	142,900	145,600
Readjustment benefits	754,897	660,020	605,400	448,550	392,550
Veterans insurance and indemnities	4,770	11,160	11,780	13,050	13,160
Emergency veterans job training	5,384	...	...	...	...
Loan guaranty revolving fund	148,900	45,200	17,600	-5,500	-63,500
Direct loan revolving fund	-43,453	-37,500	-35,300	-33,200	-31,125
Service-disabled veterans insurance fund	5,120	...	...	...	...
Veterans reopened insurance fund	-4,540	-6,000	-3,400	-900	1,400
Education loan fund	-6,657	-6,711	-6,771	-6,845	-6,900
Vocational rehabilitation revolving fund	10	-12	-9	-12	-10
Servicemen's group life insurance fund	35,100	13,200	16,600	200	800
Total benefit programs	15,273,923	14,969,277	14,790,100	14,500,343	14,201,375
Medical programs:					
Medical care	8,960,952	8,966,643	8,940,313	9,217,153	9,481,263
Medical and prosthetic research	187,332	189,415	188,565	185,465	185,465
Medical administration and miscellaneous operating expenses	43,952	41,750	42,677	43,619	44,558
Grants for construction of state extended care facilities	25,504	36,623	45,510	55,388	60,571
Grants to the Republic of the Philippines	486	500	500	500	500
Canteen service revolving fund	1,474	-247	-1,327	-1,005	-1,541
Special therapeutic and rehabilitation activites fund	-30	-30	-30	-30	-30
Total medical programs	9,219,670	9,234,654	9,216,208	9,501,090	9,770,786
Construction programs:					
Construction, major projects	536,688	640,957	574,121	574,566	611,488
Construction, minor projects	150,340	138,234	124,379	121,636	131,100
Total construction programs	687,028	779,191	698,500	696,202	742,588
General operating expenses & miscellaneous:					
General operating expenses	758,945	780,645	779,890	757,980	731,991
Grant for the construction of state veterans cemeteries	372	1,000	2,000	2,500	3,000
Total general operating expenses and miscellaneous	759,317	781,645	781,890	760,480	734,991
Total appropriations, adjusted	25,939,938	25,764,767	25,486,698	25,458,115	25,449,740

FUTURE YEAR PROJECTIONS
OUTLAYS
1987-1991

(dollars in thousands)

Appropriation/Fund Account	1987	1988	1989	1990	1991
		Estimate			
Proposed legislation					
Compensation	275,000	700,000	1,093,600	1,459,400	1,508,100
Burial benefits	-31,200	-33,200	-35,100	-37,000	-38,900
Readjustment benefits	...	...	-8,800	-31,600	-75,200
Loan guaranty revolving fund	-131,800	-146,200	-227,300	-313,900	-368,300
Education loan fund	-44	-39	-29	-5	...
Medical care	2,327	4,247	5,967	5,967	5,967
General operating expenses	952	952	952	952	952
Post-Vietnam era veterans education account	...	9,800	26,600	26,400	21,800
Proprietary receipts from the public	-161,883	-194,105	-250,388	-307,200	-302,400
Intragovernmental transactions	...	...	-5,000	-8,000	-8,000
Total proposed legislation	-46,648	341,455	600,502	795,014	744,019
Trust funds:					
Post-Vietnam era veterace education account	217,800	203,700	183,500	195,000	205,600
General post fund	13,500	14,500	15,500	16,500	17,500
National service life insurance	1,170,400	1,200,500	1,245,900	1,271,100	1,282,000
U.S. Government life insurance	41,200	38,490	36,030	33,500	30,980
Veterans special life insurance	-66,300	-52,100	-40,400	-26,600	-24,700
Total trust fund (gross)	1,376,600	1,405,090	1,440,530	1,489,500	1,511,380
Proprietary receipts from the public	-732,643	-684,398	-645,735	-589,163	-597,902
Total trust fund (net)	643,957	720,692	794,795	900,337	913,478
Intragovernmental transactions	-184,576	-176,734	-134,293	-104,952	-96,413
Total Veterans Administration	$26,352,671	$26,650,180	$26,747,702	$27,048,514	$27,010,824

Estimate

c. Submit to DMDC periodic updates of its disability tape that will identify all veterans added to the benefit roles during the year.

ACTION TAKEN:

Same as recommendation "b".

d. Continue recoupment on cases we identified, review other cases in the 1983 DOD universes to detect errors, and initiate recoupment if it has not occurred.

ACTION TAKEN:

On August 8, 1985, a letter was sent to each station with a list of their cases for review and appropriate actions. The interim summary of the finding follows:

2,740 - Total cases to be reviewed
279 - No claim filed
1 - Unable to identify (wrong SSN)
1,812 - Cases where no action was necessary (already recouped, etc.)
210 - BIRLS adjustment only
80 - Award adjustments
202 - Cases still pending
156 - Cases being developed

On December 20, 1985, the cases pending were reissued to the field stations for appropriate action and as a reminder to report on the cases being developed.

e. Enter quarterly separation pay data from DOD into its beneficiary record system and place a reminder on the disability award screen to show when the veterans received separation pay and alert regional staff about recoupment.

ACTION TAKEN:

The draft of the MOU has been approved by DOD and should be ready for formal approval shortly, and we anticipate the first quarterly update will be in June.

f. Recoup the addition $385,000 on the 64 separation payment cases we identified where the recoupment balance was understated.

ACTION TAKEN:

On August 8, 1985, a letter was sent to each station with a list of their cases for review and appropriate action. The interim summary of the finding follows:

64 - Total cases to be reviewed
24 - No action necessary
2 - BIRLS adjustment only
10 - Being developed
17 - Award adjustments
11 - Still pending

On December 20, 1985, the cases pending were reissued to the field stations for appropriate action and as a reminder to report on the cases being developed.

BUDGET IMPLICATION:

None.

4. BETTER PATIENT MANAGEMENT PRACTICES COULD REDUCE LENGTH OF STAY IN VA HOSPITAL (GAO/HRD-85-52), August 8, 1985:

RECOMMENDATION:

GAO recommended that the Administrator direct the Chief Medical Director to:

Revise current policies to place greater emphasis on reducing surgery delays and turnaround times for diagnostic consultations, tests, and procedures. In making these revisions, the Chief Medical Director should make the current policies and goals more specific, using such guidelines as those developed by the American Hospital Association.

Develop reports at the VA central office and at individual hospitals to identify length of stay problems and those responsible for solving them. These reports could include such analyses as (1) a comparison of length of stay by selected diagnosis categories at each VA hospital, (2) a comparison of length of stay for each physician's patients in a particular medical or surgical specialty, and (3) a list of patients who have been in the hospital for more than 30 days.

Require hospitals to use explicit patient screening criteria, such as those addressing intensity of care or severity of illness, to evaluate the appropriateness of the level of treatment.

Require hospitals to staff their utilization review function with qualified people, including reviewers who have a medical background.

Require hospitals to conduct all three types of review--concurrent, retrospective, and focused--as part of their utilization review program. Concurrent reviews should be conducted shortly after a patient's admission and periodically throughout the patient's stay. Retrospective reviews should be conducted after patients have been discharged so that the hospital can ensure whether such patient management practices as preadmission testing and discharge planning were carried out. Focused reviews should be conducted either concurrently or retrospectively.

Include criteria on the key elements of utilization review in the Standards, Criteria, Evaluative Algorithms, and Measuring Instruments. The Systematic External Review Program teams should use the criteria when evaluating each hospital's utilization review program.

Increase the scope of the Systematic External Review Program by including evaluations of a random sample of patient case files at each hospital. These evaluations would help measure the effectiveness of hospital's efforts to minimize lengths of stay and would also help measure the effectiveness of hospitals' utilization review program. To identify potential length of stay problems, the external review team can use reports and data such as those described above.

ACTION TAKEN:

A revised circular will be issued on preadmission surgical screening.

A new length of stay report from the patient treatment file has been developed.

A national education program on utilization review management for all medical facilities is planned for the second and third quarters of FY 1986.

The Department of Medicine and Surgery strongly supports and encourages medical facilities to assign a person with a good clinical background to review and collect resource utilization information from the medical charts and other pertinent data sources. We view a registered nurse to be appropriate for this position. A utilization review coordinator who is coordinating and facilitating hospital-wide utilization review activities and supervises the assigned staff should possess a working knowledge of the operations of both clinical and administrative services. A physician advisor should be available for guidance and director. The medical staff of the facility is responsible for developing and approving the criteria to be used in the collection of data. The Utilization Review Committee consisting of clinical and administrative services will evaluate the findings and make recommendations to the Clinical or Administrative Executive Board. We support the development of a team of qualified people to carry out utilization review activities. However, we cannot require facilities to appoint specific employees because these positions are not centrally directed and we cannot legally mandate the number or selection of candidates.

The Veterans Administration central office, Department of Medicine and Surgery recognizes the importance of the three types of reviews concurrent, retrospective, and formal. However, it is our contention that each medical facility should decide when and to what degree these various reviews should be performed. Although the Joint Commission on Accreditation of Hospitals (JCAH) requires concurrent review in their utilization review standard, they specify when it should be used, i.e., identified problems, patterns or trends observed, etc. Concurrent review is very time consuming and requires full-time resources which many of our facilities do not have at the present time. The Health System Review Organization (HSRO) manual will address the use of all three types of reviews but will allow the medical facility to decide which will be performed.

A section on the key elements of utilization review has been included the the Health Service Review Organization SCEM. The SERP teams use these criteria when evaluating medical centers' utilization review programs.

Physician surveyors review medical records to assess the quality and appropriateness of patient care through the evaluation of diagnosis and treatment and may observe a questionable length of stay. Time constraints preclude the review of a sufficient number of records to make this a viable method of addressing length of stay issues.

The Department of Medicine and Surgery has placed increased emphasis on a more detailed review of utilization review plans which includes the review of data collected and analyzed by the facility, committee monitoring activities, problems identified, and plans for corrective action and followup. We believe this is a more practical approach to addressing utilization review issues. As a result of this approach, the lack of utilization review activities has been increasingly reported in Systematic External Review Program (SERP) reports.

BUDGET IMPLICATION:

To the extent that VA hospital beds which become vacant due to lengths of stay reductions by implementing the above recommendations are not filled by other eligible veterans, there will be savings. It is impossible to estimate the savings at this time.

5. CONSOLIDATING PROCUREMENTS OF MEDICAL EQUIPMENT COULD SAVE MONEY (GAO/NSIAD-85-125), August 27, 1985:

RECOMMENDATION:

GAO recommended that the Administrator of Veterans Affairs initiate the following actions for VA medical facilities:

Develop procedures for systematically aggregating and analyzing data on medical equipment procured repetitively on a local basis by VA medical facilities.

Take steps to consolidate purchases of those equipment items when there is a reasonable basis to conclude they would be more efficiently procured centrally using either (1) definite quantity/definite delivery contracts or (2) IDTCS, awarded competitively whenever possible and to single suppliers of an item whenever appropriate.

GAO recommended that the Secretary of Defense and the Administrator of Veterans Affairs consider beginning a program, similar to the program established for drugs and medical supplies, to share procurement of those common medical equipment items which can be procured more efficiently on this basis.

ACTION TAKEN:

Consolidation of procurement will require definite funding commitment and consistency and/or flexibility between medical centers regarding equipment needs (consolidated procurement generally requiring that a bidder can satisfy the performance requirements of several medical centers). Since such problems must be overcome by adjustments in procurement, funding, and professional disciplines, a joint committee composed of cognizant personnel of supply, the Department of Medicine and Surgery and the Comptroller will be formed in order to identify obstacles to consolidated procurement. The committee will propose options to overcome these problems, and recommend necessary policies and procedures to correct them.

Initial action has been initiated for expanding the current shared procurement program to include contracting for commonly used medical equipment. On September 17, 1985, appropriate officials from the VA, DOD and PHS met to obtain approval and cooperation for introducing this initiative into the program. In addition, the Shared Procurement Task Group, convened on September 18-19, 1985, to establish plans for evaluation and development of procedures for consolidating requirements and centralizing contracting for medical equipment on an interagency basis.

The results of this meeting were presented to the Interagency Medical Procurement Management Committee on December 4, 1985. They approved the request to expand the program and directed that a shared procurement task group committee be established to implement this initiative.

BUDGET IMPLICATION:

There will be no savings to the Supply Fund as a result of consolidating procurement of medical equipment. However, savings can be expected in the various appropriations in the Veterans Administration, the Department of Defense and the Public Health Service which would purchase medical equipment under the shared procurement system. Because negotiations are in the formative stages, the extent of such savings are not known at this time.

6. VA NEEDS BETTER CONTROL OVER ITS PAYMENTS TO PRIVATE HEALTH CARE PROVIDERS (GAO/HRD-85-49), August 28, 1985:

RECOMMENDATION:

GAO recommended that the Administrator of Veterans Affairs direct the Chief Medical Director to:

Use the CHAMPUS fee schedules as the temporary basis for paying private physicians and other health care providers for care provided to eligible veterans.

Use the more precise Medicare fee schedules once the automated claims processing system is fully developed.

ACTION TAKEN:

The Veterans Administration has analyzed the results of the testing at two VA medical centers. If the OCHAMPUS fee schedule were used, it would increase the cost of the program 19 percent at one medical center and 213 percent at the other medical center. In view of the fact that DM&S is under constant pressure to reduce the cost of the fee program, it would be inadvisable to adopt the OCHAMPUS fee schedule.

Automation of VA claims processing is moving ahead and should be completed by FY 1987. Both the OCHAMPUS fee schedule and the Medicare fee schedule are based on a survey of physician billed charges. These systems are maintained by contract with insurance companies. These companies annually rank the physician charges and choose the 80th percentile as the maximum allowable charge. If there are not enough charges to rank, they use their own relative value schedule to determine the amount to be paid. As physicians continue to increase their charges, the maximum allowable charge continues to escalate. There is no incentive or means to control costs with this method.

BUDGET IMPLICATIONS:

The CHAMPUS fee schedules are too costly to implement at VA medical centers.

Since there is no incentive or means to control costs using the Medicare fee schedule, DM&S is in the process of developing a fee schedule through the Decentralized Hospital Computer Program.

7. SECOND-YEAR IMPLEMENTATION OF THE FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT (FMFIA) IN THE VETERANS ADMINISTRATION (GAO/HRD-86-20), October 28, 1985:

RECOMMENDATION:

GAO recommended that the Administrator of Veterans Affairs require VA departments and offices to:

Include in vulnerability assessments (1) analysis of the general internal control environment, (2) an evaluation of inherent risks, (3) a preliminary evaluation of safeguards, and (4) a summary of the assessment results;

Include in vulnerability assessments documentation of what was assessed and who assessed it, and an analysis of the vulnerability of each assessable unit;

Identify and analyze pertinent problems and concerns during preliminary reviews and select, implement, and track appropriate follow-up actions to correct them; and

Obtain sufficient documentation during preliminary reviews to support the findings and conclusions contained therein.

ACTION TAKEN:

This recommendation has four subparts. Department of Veterans Benefits (DVB) complies with the first, third and fourth. The second subpart pertains to documenting vulnerability assessments. The Office of the ADA/Management addressed the need for improved documentation in the September 28, 1984 revision to VA Manual MP-1, Part II, Chapter 15 which will be complied in by DVB. In addition to the above, the ADA/Management has also developed a draft vulnerability assessment workbook to assist VA components in the design and conduct of vulnerability assessments. A copy of this draft workbook was provided to GAO.

Provide training to ICR team members on the internal control review process, including documentation requirements; fully comply with the agency's nine-step approach for conducting ICR's; implement corrective actions recommended by ICR's; and track the actions to determine whether internal controls were strengthened.

ACTION TAKEN:

DVB will provide training that meets Agency requirements to ICR team members. If the nine-step approach for conducting ICR's is made mandatory, DVB will comply. The Department implements and tracks corrective actions that have been approved by the Chief Benefits Director to ensure timely implementation.

The Office of ADA/Management agrees that an improved tracking system was needed to insure that appropriate corrective actions are implemented and this Office has modified the VA's Master Calendar to help improve tracking. The ADA/Management has also advised internal control officials in various VA components of the need to improve reporting on the implementation of corrective actions.

GAO recommended that the Administrator of Veterans Affairs direct the Director, ODM&T, and the Chief Medical Director to develop more specific guidelines for reviewing ADP internal controls.

The Chief Benefits Director should require regional offices to analyze the sources of problems revealed by the reviews required by DVB Circular 20-84-20 and other processes,

The Chief Benefits Director and the Chief Medical Director should require that each field facility implement a formal, centralized tracking and follow-up system that addresses internal control weaknesses identified by any source, and

The Chief Benefits Director should require regional offices to train managers who are responsible for internal control evaluations.

ACTION TAKEN:

An evaluation of current DVB procedures is expected to be completed by August 1986. DVB will take appropriate action on this recommendation after that evaluation is completed.

All Department of Medicine and Surgery (DM&S) controlled items referenced aboved have been implemented. The DM&S ADP Security Policy and Guidelines, VA Circular 10-85-116, has been distributed to the field.

The Director, Office of Budget and Finance (Controller), should develop an overall plan for reviewing VA's accounting structure to provide an adequate basis for meeting the reporting requirements of section 4 of FMFIA. The plan should provide that:

Major subsystems of VA's accounting structure are reviewed in a reasonable period of time and in priority order based on the significant risks in each of the subsystems--especially the risks associated with systems problems that are corrected by VA's 5-year ADP plan,

Reviews of systems include tests of transactions from their authorization through processing of data (either manually of automatically) to issuance of financial reports, including testing of ADP controls, where appropriate,

Reviews of accounting systems be coordinated with reviews of controls that authorize disbursements for VA benefit and medical programs, so that accuracy of systems reporting can be evaluated in total, and

Reviews of accounting systems be done in conjunction with and in support of VA's 5-year ADP plan, so that deficiencies found in ADP portions of the accounting systems can be corrected as the 5-year plan is implemented.

ACTION TAKEN:

The Office of Budget and Finance (Controller) Finance Service conducted a limited review of all systems in FY 1985.

During FY 1986, Finance Service will conduct detailed reviews of the loan guaranty and construction components. Reviews of the insurance and payroll components will be done in FY 1988 since both areas are undergoing major redesign work. The remaining four components, budget, reporting, administrative accounting, and benefit accounting will be scheduled in FY 1987 and 1988.

Deficiencies found in the review process will be incorporated into the long range plan for financial management systems and will be submitted along with the FY 1987 budget.

BUDGET IMPLICATIONS:

OMB Circular A-127 process call for refinement, consolidation, and technological enhancement of financial management systems. To the extent that more efficient systems can be designed and implemented on a cost beneficial basis, the process will have a positive budgetary impact. Systems with tighter internal controls which reduce or eliminate duplicate or erroneous payments can have a payback in terms of reduced borrowing costs to Treasury, fewer receivables being established and subsequently written off. Consolidation of systems, the design of systems that are simpler to maintain, the use of existing software and customized software can all ultimately reduce the cost of system development and maintenance.

8. IMPLEMENTING THE SMALL BUSINESS INNOVATION DEVELOPMENT ACT-- THE FIRST TWO YEAR (GAO/RCED-86-13), October 25, 1985:

RECOMMENDATION:

GAO recommended that the Administrator for Veterans Affairs:

Instruct appropriate Veterans Administration (VA) officials to establish goals early in the fiscal year and make such goals known to officials responsible for awarding external research and development (R&D) funds.

Submit to the Small Business Administration (SBA) data for Fiscal Years 1983 and 1984 regarding non-Small Business Innovation Research (SBIR) goals, in accordance with the requirements contained in the Small Business Innovation Development Act (the Act) of 1982 and SBA's policy directive.

ACTION TAKEN:

The appropriate officials within the Department of Medicine and Surgery have been briefed on establishing Small Business Innovation Research (SBIR) goals early in the fiscal year. In addition, monitoring is planned by the Office of Research and Development and the Office of Rehabilitation Research and Development Service of intramural research or research and development projects to ensure that small businesses will be included in research funding agreements and that SBIR goals are achieved. In support of the VA's intramural R&D programs, extramural contracts are occasionally needed for fabrication of materials, special statistical or laboratory analyses.

In response to item two of this recommendation, the necessary data for Fiscal Year 1983 and 1984 regarding non-SBIR goals has been requested and obtained from the General Services Administration, Office of Information Resources Management. This information will be submitted to SBA with our SBIR, FY 1985, annual report which is due on or before March 15, 1986.

BUDGET IMPLICATION:

There are no budget implications for the Department of Medicine and Surgery budget.

PART 29. EXPENDITURES BY STATES

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AMOUNTS INCLUDED IN FY 1987 PRESIDENT'S BUDGET

(dollars in thousands)

	FY 1985 Actuals	FY 1986	FY 1987
ALABAMA			
Compensation and pensions	$301,590	$301,711	$301,835
Readjustment benefits	38,089	38,033	37,967
General operating expenses	8,070	8,072	8,073
Medical and construction programs	190,589	206,737	179,337
Insurance and indemnities	20,134	20,122	20,105
Total	$558,742	$574,675	$547,314
ALASKA			
Compensation and pensions	$15,062	$15,075	$15,089
Readjustment benefits	2,151	2,146	2,142
General operating expenses	2,119	2,121	2,123
Medical and construction programs	45,720	45,803	45,918
Insurance and indemnities	884	881	876
Total	$65,936	$66,026	$66,148
ARIZONA			
Compensation and pensions	$160,924	$160,848	$160,719
Readjustment benefits	17,267	17,215	17,165
General operating expenses	7,119	7,122	7,125
Medical and construction programs	141,454	143,590	143,817
Insurance and indemnities	24,824	24,832	24,843
Total	$351,588	$353,607	$353,669
ARKANSAS			
Compensation and pensions	$250,469	$250,545	$250,616
Readjustment benefits	17,179	17,153	17,130
General operating expenses	6,044	6,046	6,048
Medical and construction programs	149,707	151,729	152,929
Insurance and indemnities	14,015	14,011	14,010
Total	$437,414	$439,484	$440,733
CALIFORNIA			
Compensation and pensions	$1,106,730	$1,106,904	$1,107,018
Readjustment benefits	129,138	128,824	128,567
General operating expenses	45,199	45,196	45,195
Medical and construction programs	939,356	969,429	1,048,429
Insurance and indemnities	176,064	176,138	176,206
Total	$2,396,487	$2,426,491	$2,505,415
COLORADO			
Compensation and pensions	$159,289	$159,310	$159,318
Readjustment benefits	26,290	26,245	26,204
General operating expenses	9,193	9,195	9,198
Medical and construction programs	131,466	127,463	124,736
Insurance and indemnities	23,896	23,901	23,907
Total	$350,134	$346,114	$343,363
CONNECTICUT			
Compensation and pensions	$122,647	$122,663	$122,670
Readjustment benefits	7,810	7,786	7,773
General operating expenses	3,692	3,692	3,692
Medical and construction programs	98,806	98,870	105,935
Insurance and indemnities	23,228	23,238	23,246
Total	$256,183	$256,249	$263,316

AMOUNTS INCLUDED IN FY 1987 PRESIDENT'S BUDGET

(dollars in thousands)

	FY 1985 Actuals	FY 1986	FY 1987
DELAWARE			
Compensation and pensions	$29,817	$29,823	$29,829
Readjustment benefits	2,935	2,930	2,925
General operating expenses	1,776	1,777	1,777
Medical and construction programs	32,322	32,343	32,366
Insurance and indemnities	5,193	5,194	5,200
Total	$72,043	$72,067	$72,097
DISTRICT OF COLUMBIA			
Compensation and pensions	$37,591	37,570	$37,546
Readjustment benefits	1,691	1,685	1,679
General operating expenses	240,092	240,292	240,471
Medical and construction programs	529,884	531,579	530,270
Insurance and indemnities	3,829	3,830	3,828
Total	$813,087	$814,956	$813,794
FLORIDA			
Compensation and pensions	$908,418	$908,608	$908,745
Readjustment benefits	55,602	54,224	52,570
General operating expenses	18,178	18,181	18,184
Medical and construction programs	430,298	430,606	427,824
Insurance and indemnities	120,591	120,699	120,784
Total	$1,533,087	$1,532,318	$1,528,107
GEORGIA			
Compensation and pensions	$422,574	$422,705	$422,863
Readjustment benefits	38,770	38,708	38,636
General operating expenses	10,165	10,162	10,160
Medical and construction programs	191,960	194,177	200,169
Insurance and indemnities	39,403	39,435	39,463
Total	$702,872	$705,187	$711,291
HAWAII			
Compensation and pensions	$43,403	$43,425	$43,442
Readjustment benefits	8,790	8,776	8,767
General operating expenses	4,420	4,422	4,424
Medical and construction programs	17,088	17,201	18,111
Insurance and indemnities	7,258	7,254	7,240
Total	$80,959	$81,078	$81,984
IDAHO			
Compensation and pensions	$54,237	$54,220	$54,193
Readjustment benefits	6,948	6,939	6,933
General operating expenses	2,213	2,213	2,213
Medical and construction programs	28,397	27,027	30,551
Insurance and indemnities	4,663	4,661	4,655
Total	$96,458	$95,060	$98,545
ILLINOIS			
Compensation and pensions	$390,512	$390,629	$390,744
Readjustment benefits	33,152	33,068	32,992
General operating expenses	31,295	31,293	31,287
Medical and construction programs	472,426	474,726	465,170
Insurance and indemnities	73,252	73,277	73,303
Total	$1,000,637	$1,002,993	$993,496

AMOUNTS INCLUDED IN FY 1987 PRESIDENT'S BUDGET

(dollars in thousands)

	FY 1985 Actuals	FY 1986	FY 1987
INDIANA			
Compensation and pensions	$239,711	$239,767	$239,820
Readjustment benefits	26,253	26,214	26,175
General operating expenses	7,701	7,702	7,703
Medical and construction programs	131,987	132,071	133,038
Insurance and indemnities	24,727	24,734	24,736
Total	$430,379	$430,488	$431,472
IOWA			
Compensation and pensions	$133,676	$133,699	$133,677
Readjustment benefits	10,586	10,566	10,541
General operating expenses	4,495	4,497	4,498
Medical and construction programs	125,418	123,189	123,141
Insurance and indemnities	10,971	10,958	10,942
Total	$285,146	$282,909	$282,799
KANSAS			
Compensation and pensions	$120,569	$120,586	$120,596
Readjustment benefits	13,931	13,908	13,890
General operating expenses	5,751	5,753	5,756
Medical and construction programs	120,391	121,092	116,583
Insurance and indemnities	12,533	12,525	12,508
Total	$273,174	$273,864	$269,333
KENTUCKY			
Compensation and pensions	$263,853	$263,924	$264,004
Readjustment benefits	21,389	21,356	21,331
General operating expenses	6,564	6,567	6,570
Medical and construction programs	127,707	127,013	145,305
Insurance and indemnities	18,650	18,658	18,666
Total	$438,163	$437,518	$455,876
LOUISIANA			
Compensation and pensions	$262,837	$262,889	$262,955
Readjustment benefits	18,293	18,263	18,228
General operating expenses	7,342	7,344	7,346
Medical and construction programs	172,176	174,352	183,529
Insurance and indemnities	20,476	20,472	20,474
Total	$481,124	$483,320	$492,532
MAINE			
Compensation and pensions	$100,333	$100,369	$100,410
Readjustment benefits	7,655	7,642	7,635
General operating expenses	3,289	3,290	3,291
Medical and construction programs	45,010	44,638	44,465
Insurance and indemnities	8,644	8,652	8,658
Total	$164,931	$164,591	$164,459
MARYLAND			
Compensation and pensions	$231,252	$231,360	$231,472
Readjustment benefits	18,517	18,477	18,449
General operating expenses	5,563	5,559	5,558
Medical and construction programs	111,636	125,722	111,805
Insurance and indemnities	29,611	29,623	29,624
Total	$396,579	$410,741	$396,908

AMOUNTS INCLUDED IN FY 1987 PRESIDENT'S BUDGET

(dollars in thousands)

	FY 1985 Actuals	FY 1986	FY 1987
MASSACHUSETTS			
Compensation and pensions	$453,188	$453,327	$453,428
Readjustment benefits	18,852	18,796	18,757
General operating expenses	7,248	7,247	7,246
Medical and construction programs	291,464	301,076	317,048
Insurance and indemnities	45,143	45,153	45,169
Total	$815,895	$825,599	$841,648
MICHIGAN			
Compensation and pensions	$413,550	$413,651	$413,734
Readjustment benefits	32,391	32,320	32,267
General operating expenses	11,598	11,599	11,603
Medical and construction programs	226,616	228,795	227,795
Insurance and indemnities	49,322	49,373	49,398
Total	$733,477	$735,738	$734,797
MINNESOTA			
Compensation and pensions	$221,423	$221,506	$221,577
Readjustment benefits	22,367	22,331	22,302
General operating expenses	22,866	22,873	22,879
Medical and construction programs	208,807	226,507	200,400
Insurance and indemnities	31,048	31,066	31,083
Total	$506,511	$524,283	$498,241
MISSISSIPPI			
Compensation and pensions	$238,189	$238,285	$238,384
Readjustment benefits	13,485	13,467	13,452
General operating expenses	5,802	5,804	5,806
Medical and construction programs	140,756	123,511	114,059
Insurance and indemnities	15,398	15,404	15,413
Total	$413,630	$396,471	$387,114
MISSOURI			
Compensation and pensions	$308,103	$308,213	$308,321
Readjustment benefits	26,599	26,555	26,511
General operating expenses	12,624	12,627	12,631
Medical and construction programs	235,330	246,630	241,185
Insurance and indemnities	25,978	25,979	25,979
Total	$608,634	$620,004	$614,627
MONTANA			
Compensation and pensions	$50,047	$50,065	$50,083
Readjustment benefits	5,690	5,681	5,678
General operating expenses	2,703	2,704	2,705
Medical and construction programs	25,600	25,713	26,425
Insurance and indemnities	9,147	9,156	9,172
Total	$93,187	$93,319	$94,063
NEBRASKA			
Compensation and pensions	$81,915	$81,920	$81,964
Readjustment benefits	9,358	9,333	9,324
General operating expenses	3,206	3,207	3,207
Medical and construction programs	81,524	82,286	86,146
Insurance and indemnities	8,763	8,765	8,767
Total	$184,766	$185,511	$189,408

AMOUNTS INCLUDED IN FY 1987 PRESIDENT'S BUDGET

(dollars in thousands)

	FY 1985 Actuals	FY 1986	FY 1987
NEVADA			
Compensation and pensions	$47,199	$47,206	$47,203
Readjustment benefits	4,942	4,932	4,924
General operating expenses	1,957	1,958	1,958
Medical and construction programs	40,807	40,939	41,072
Insurance and indemnities	8,356	8,374	8,392
Total	$103,261	$103,409	$103,549
NEW HAMPSHIRE			
Compensation and pensions	$72,969	$72,998	$73,020
Readjustment benefits	5,999	5,986	5,977
General operating expenses	2,343	2,344	2,344
Medical and construction programs	27,048	27,169	27,988
Insurance and indemnities	6,837	6,838	6,841
Total	$115,196	$115,335	$116,170
NEW JERSEY			
Compensation and pensions	$352,409	$352,536	$352,656
Readjustment benefits	15,819	15,780	15,751
General operating expenses	9,412	9,413	9,414
Medical and construction programs	167,237	175,337	182,137
Insurance and indemnities	63,881	63,915	63,944
Total	$608,758	$616,981	$623,902
NEW MEXICO			
Compensation and pensions	$96,550	$96,532	$96,498
Readjustment benefits	11,653	11,632	11,611
General operating expenses	3,663	3,664	3,664
Medical and construction programs	90,539	73,105	68,205
Insurance and indemnities	9,864	9,868	9,873
Total	$212,269	$194,801	$189,851
NEW YORK			
Compensation and pensions	$942,718	$942,985	$943,183
Readjustment benefits	37,704	37,596	37,522
General operating expenses	28,047	28,053	28,058
Medical and construction programs	768,962	783,413	795,815
Insurance and indemnities	128,403	128,476	128,547
Total	$1,905,834	$1,920,523	$1,933,125
NORTH CAROLINA			
Compensation and pensions	$448,002	$448,175	$448,367
Readjustment benefits	47,565	47,497	47,425
General operating expenses	9,633	9,635	9,637
Medical and construction programs	192,151	195,008	207,450
Insurance and indemnities	29,670	29,685	29,688
Total	$727,021	$730,000	$742,567
NORTH DAKOTA			
Compensation and pensions	$31,710	$31,726	31,742
Readjustment benefits	4,280	4,271	4,268
General operating expenses	2,057	2,058	2,059
Medical and construction programs	33,983	33,983	28,574
Insurance and indemnities	3,931	3,929	3,932
Total	$75,961	$75,967	$70,575

AMOUNTS INCLUDED IN FY 1987 PRESIDENT'S BUDGET

(dollars in thousands)

	FY 1985 Actuals	FY 1986	FY 1987
OHIO			
Compensation and pensions	$558,701	$558,896	$559,037
Readjustment benefits	40,014	39,940	39,867
General operating expenses	17,799	17,803	17,807
Medical and construction programs	335,615	329,339	335,633
Insurance and indemnities	67,382	67,420	67,445
Total	$1,019,511	$1,013,398	$1,019,789
OKLAHOMA			
Compensation and pensions	$303,456	$303,571	$303,650
Readjustment benefits	22,237	22,201	22,172
General operating expenses	7,147	7,148	7,150
Medical and construction programs	108,353	105,125	105,462
Insurance and indemnities	21,307	21,302	21,318
Total	$462,500	$459,347	$459,752
OREGON			
Compensation and pensions	$171,570	$171,636	$171,695
Readjustment benefits	22,583	22,559	22,533
General operating expenses	6,456	6,457	6,458
Medical and construction programs	170,931	157,530	138,838
Insurance and indemnities	13,608	13,603	13,602
Total	$385,148	$371,785	$353,126
PENNSYLVANIA			
Compensation and pensions	$692,772	$692,969	$693,181
Readjustment benefits	36,527	36,463	36,409
General operating expenses	36,731	36,743	36,755
Medical and construction programs	420,678	439,808	476,419
Insurance and indemnities	95,415	95,488	95,548
Total	$1,282,123	$1,301,471	$1,338,312
PUERTO RICO			
Compensation and pensions	$223,543	$223,586	$223,594
Readjustment benefits	12,251	12,227	12,202
General operating expenses	6,422	6,425	6,427
Medical and construction programs	104,291	103,868	104,643
Insurance and indemnities	2,336	2,337	2,338
Total	$348,843	$348,443	$349,204
RHODE ISLAND			
Compensation and pensions	$76,896	$76,931	$76,965
Readjustment benefits	4,767	4,757	4,750
General Operating Expenses	2,708	2,708	2,708
Medical and construction programs	45,287	43,720	43,751
Insurance and indemnities	6,619	6,625	6,626
Total	$136,277	$134,741	$134,800
SOUTH CAROLINA			
Compensation and pensions	$203,834	$203,893	$203,987
Readjustment benefits	27,095	27,045	26,991
General operating expenses	6,548	6,549	6,550
Medical and construction programs	95,825	97,983	98,926
Insurance and indemnities	15,712	15,701	15,707
Total	$349,014	$351,171	$352,161

AMOUNTS INCLUDED IN FY 1987 PRESIDENT'S BUDGET

(dollars in thousands)

	FY 1985 Actuals	FY 1986	FY 1987
SOUTH DAKOTA			
Compensation and pensions	$49,436	$49,453	$49,468
Readjustment benefits	5,105	5,098	5,092
General operating expenses	2,356	2,356	2,357
Medical and construction programs	76,610	77,781	77,454
Insurance and indemnities	4,435	4,434	4,438
Total	$137,942	$139,122	$138,809
TENNESSEE			
Compensation and pensions	$347,656	$347,813	$347,990
Readjustment benefits	30,535	30,488	30,437
General operating expenses	9,280	9,283	9,287
Medical and construction programs	268,483	258,733	309,593
Insurance and indemnities	25,854	25,874	25,885
Total	$681,808	$672,191	$723,192
TEXAS			
Compensation and pensions	$934,413	$934,425	$934,406
Readjustment benefits	86,774	86,600	86,446
General operating expenses	80,624	80,726	80,842
Medical and construction programs	525,269	533,398	575,269
Insurance and indemnities	85,791	85,801	85,848
Total	$1,712,871	$1,720,950	$1,762,811
UTAH			
Compensation and pensions	$58,737	$58,765	$58,786
Readjustment benefits	10,378	10,359	10,341
General operating expenses	3,004	3,005	3,005
Medical and construction programs	66,700	65,730	67,153
Insurance and indemnities	6,211	6,213	6,206
Total	$145,030	$144,072	$145,491
VERMONT			
Compensation and pensions	$39,801	$39,822	$39,840
Readjustment benefits	2,076	2,072	2,071
General operating expenses	1,506	1,506	1,505
Medical and construction programs	30,773	31,390	31,112
Insurance and indemnities	4,581	4,585	5,186
Total	$78,737	$79,375	$79,714
VIRGINIA			
Compensation and pensions	$408,728	$408,907	$409,093
Readjustment benefits	41,620	41,558	41,503
General operating expenses	8,811	8,816	8,821
Medical and construction programs	218,540	221,817	216,259
Insurance and indemnities	33,685	33,690	33,683
Total	$711,384	$714,788	$709,359
WASHINGTON			
Compensation and pensions	$260,414	$260,499	$260,550
Readjustment benefits	43,633	43,582	43,526
General operating expenses	8,476	8,479	8,481
Medical and construction programs	163,596	168,915	172,229
Insurance and indemnities	33,139	33,145	33,163
Total	$509,258	$514,620	$517,949

AMOUNTS INCLUDED IN FY 1987 PRESIDENT'S BUDGET

(dollars in thousands)

	FY 1985 Actuals	FY 1986	FY 1987
WEST VIRGINIA			
Compensation and pensions	$163,270	$163,343	$163,423
Readjustment benefits	10,150	10,132	10,124
General operating expenses	3,962	3,963	3,964
Medical and construction programs	118,628	118,064	122,681
Insurance and indemnities	10,440	10,440	10,442
Total	$306,450	$306,942	$310,634
WISCONSIN			
Compensation and pensions	$248,610	$248,722	$248,835
Readjustment benefits	20,059	20,022	20,002
General operating expenses	7,200	7,201	7,203
Medical and construction programs	191,060	191,200	191,637
Insurance and indemnities	30,002	30,002	30,012
Total	$496,930	$497,147	$497,689
WYOMING			
Compensation and pensions	$24,069	$24,078	$24,088
Readjustment benefits	3,155	3,150	3,149
General operating expenses	1,410	1,411	1,411
Medical and construction programs	37,064	37,102	43,539
Insurance and indemnities	1,033	1,029	1,023
Total	$66,730	$66,770	$73,210
MANILA			
Compensation and pensions	$77,507	$77,507	$77,507
Readjustment benefits	5,173	5,173	5,173
General operating expenses	1,159	1,159	1,159
Medical and construction programs	-1,159	-1,159	-1,159
Insurance and indemnities	1,307	1,307	1,307
Total	$83,987	$83,987	$83,987

PART 30. SPECIAL ANALYSES - AGENCY-WIDE

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VA FACILITIES BY TYPE
(December 31, 1985

CENTRAL OFFICE (1)
Washington, D.C.

FOREIGN OFFICES (1)
Manila, Philippines

MARKETING CENTER (1)
Hines, Ill.

INSURANCE CENTERS (2)
Philadelphia, Pa
St. Paul, Minn.

PROSTHETIC CENTER (1)
Manhattan, N.Y.

CANTEEN SERVICE FIELD OFFICES (3)
Somerville, N.J.
Atlanta, Ga.
Denver, Co.

RECORDS PROCESSING CENTER (1)
St. Louis, Mo.

SUPPLY DEPOTS (3)
Bell, Calif.
Hines, Ill.
Somerville, N.J.

DATA PROCESSING CENTERS (5)
Austin, Texas
Hines, Ill.
Los Angeles, Calif.
Philadelphia, Pa.
St. Paul, Minn.

PROSTHETIC DISTRIBUTION Center (1)
Denver, Co.

CANTEEN FINANCE CENTER (1)
St. Louis, Mo.

MEDICAL CENTERS W/DOMICILIARIES (15)

Bath, N.Y.
Bay Pines, Fla
Biloxi, Miss.
Bonham, Texas
Dayton, Ohio
Dublin, Ga.
Hampton, Va.
Hot Springs, S.D.
Leavenworth, Kans.
Los Angeles, Calif. (Wadsworth)
Martinsburg, W. Va.
Mountain Home, Tenn.
Prescott, Ariz.
Temple, Texas
Wood, Wisc.

DOMICILIARY (1)
White City, Oregon

VA OFFICES—DVB (18)

Albany, N.Y.
Cincinnati, Ohio
Columbus, Ohio
Dallas, Texas
Guam
Jacksonville, Florida (Gainesville)
Kansas City, Mo.
Lubbock, Texas
Miami, Florida (St. Petersburg)
Oklahoma City, Okla.
Portland, Maine
Rochester, N.Y.
San Antonio, Texas
Shreveport, La.
Springfield, Mass.
Syracuse, N.Y.
Wilkes-Barre, Pa.
Pensacola, Fla

REGIONAL OFFICES (58)

ALABAMA
Montgomery

ALASKA
Anchorage

ARIZONA
Phoenix

ARKANSAS
Little Rock

CALIFORNIA
Los Angeles
San Diego
San Francisco

COLORADO
Denver

CONNECTICUT
Hartford

DELAWARE
Wilmington

DISTRICT OF COLUMBIA
Washington

FLORIDA
St. Petersburg

GEORGIA
Atlanta

HAWAII
Honolulu

IDAHO
Boise

ILLINOIS
Chicago

INDIANA
Indianapolis

IOWA
Des Moines

KANSAS
Wichita

KENTUCKY
Louisville

LOUISIANA
New Orleans

MAINE
Togus

MARYLAND
Baltimore

MASSACHUSETTS
Boston

MICHIGAN
Detroit

MINNESOTA
St. Paul

MISSISSIPPI
Jackson

MISSOURI
St. Louis

MONTANA
Fort Harrison

NEBRASKA
Lincoln

NEVADA
Reno

NEW HAMPSHIRE
Manchester

NEW JERSEY
Newark

NEW MEXICO
Albuquerque

NEW YORK
Buffalo
New York

NORTH CAROLINA
Winston-Salem

NORTH DAKOTA
Fargo

OHIO
Cleveland

OKLAHOMA
Muskogee

OREGON
Portland

PENNSYLVANIA
Philadelphia
Pittsburgh

RHODE ISLAND
Providence

SOUTH CAROLINA
Columbia

SOUTH DAKOTA
Sioux Falls

TENNESSEE
Nashville

TEXAS
Houston
Waco

UTAH
Salt Lake City

VERMONT
White River Jct.

VIRGINIA
Roanoke

WASHINGTON
Seattle

WEST VIRGINIA
Huntington

WISCONSIN
Milwaukee

WYOMING
Cheyenne

PHILIPPINES
Manila

PUERTO RICO
San Juan

VA MEDICAL CENTERS (172)

ALABAMA
Birmingham
Montgomery
Tuscaloosa
Tuskegee

ARIZONA
Phoenix
Prescott
Tucson

ARKANSAS
Fayetteville
Little Rock (Little Rock)
Little Rock (North Little Rock)

CALIFORNIA
Fresno
Livermore
Loma Linda
Long Beach
West Los Angeles (Brentwood)
West Los Angeles (Wadsworth)
Martinez
Palo Alto (Menlo Park)
Palo Alto (Palo Alto)
San Diego
San Francisco
Sepulveda

COLORADO
Denver
Fort Lyon
Grand Junction

CONNECTICUT
Newington
West Haven

DELAWARE
Wilmington

DISTRICT OF COLUMBIA
Washington

FLORIDA
Bay Pines
Gainesville
Lake City
Miami
Tampa

GEORGIA
Atlanta
Augusta (Downtown)
Augusta (Uptown)
Dublin

IDAHO
Boise

ILLINOIS
Chicago (Lakeside)
Chicago (West Side)
Danville
Hines
Marion
North Chicago

INDIANA
Fort Wayne
Indianapolis (Cold Springs Road)
Indianapolis (Tenth Street)
Marion

IOWA
Des Moines
Iowa City
Knoxville

KANSAS
Leavenworth
Topeka
Wichita

KENTUCKY
Lexington (Cooper Drive)
Lexington (Leestown)
Louisville

LOUISIANA
Alexandria
New Orleans
Shreveport

MAINE
Togus

MARYLAND
Baltimore
Fort Howard
Perry Point

MASSACHUSETTS
Bedford
Boston
Brockton
Northampton
West Roxbury

MICHIGAN
Allen Park
Ann Arbor
Battle Creek
Iron Mountain
Saginaw

MINNESOTA
Minneapolis
St. Cloud

MISSISSIPPI
Biloxi (Biloxi)
Biloxi (Gulfport)
Jackson

MISSOURI
Columbia
Kansas City
Poplar Bluff
St. Louis (Jefferson Barracks)
St. Louis (John J. Cochran)

MONTANA
Fort Harrison
Miles City

NEBRASKA
Grand Island
Lincoln
Omaha

NEVADA
Reno

NEW HAMPSHIRE
Manchester

NEW JERSEY
East Orange
Lyons

NEW MEXICO
Albuquerque

NEW YORK
Albany
Batavia
Bath
Bronx
Brooklyn
Brooklyn (St. Albans)
Buffalo
Canandaigua
Castle Point
Montrose
New York
Northport
Syracuse

NORTH CAROLINA
Asheville
Durham
Fayetteville
Salisbury

NORTH DAKOTA
Fargo

OHIO
Chillicothe
Cincinnati
Cleveland (Brecksville)
Cleveland (Wade Park)
Dayton

OKLAHOMA
Muskogee
Oklahoma City

OREGON
Portland/Vancouver (Portland)
Roseburg

PENNSYLVANIA
Altoona
Butler
Coatesville
Erie
Lebanon
Philadelphia
Pittsburgh (Aspinwall)
Pittsburgh (Highland Drive)
Pittsburgh (University Drive)
Wilkes-Barre

RHODE ISLAND
Providence

SOUTH CAROLINA
Charleston
Columbia

SOUTH DAKOTA
Fort Meade
Hot Springs
Sioux Falls

TENNESSEE
Memphis
Mountain Home
Murfreesboro
Nashville

TEXAS
Amarillo
Big Spring
Bonham
Dallas
Houston
Kerrville
Marlin
San Antonio
Temple
Waco

UTAH
Salt Lake City

VERMONT
White River Junction

VIRGINIA
Hampton
Richmond
Salem

WASHINGTON
American Lake, (Tacoma)
Seattle
Spokane
Portland/Vancouver (Vancouver)
Walla Walla

WEST VIRGINIA
Beckley
Clarksburg
Huntington
Martinsburg

WISCONSIN
Madison
Tomah
Wood

WYOMING
Cheyenne
Sheridan

PUERTO RICO
San Juan

NURSING BED CARE UNITS (110)

ALABAMA
Tuscaloosa
Tuskegee

ARIZONA
Phoenix
Tucson

ARKANSAS
Little Rock (North Little Rock)

CALIFORNIA
Loma Linda
Long Beach
Palo Alto (Menlo Park)
San Diego
Sepulveda
Livermore

COLORADO
Fort Lyon
Grand Junction

CONNECTICUT
West Haven

DELAWARE
Wilmington

DISTRICT OF COLUMBIA
Washington

FLORIDA
Bay Pines
Lake City
Miami
Gainesville
Tampa

GEORGIA
Atlanta
Augusta (Uptown)
Dublin

IDAHO
Boise

ILLINOIS
Danville
Hines
North Chicago

INDIANA
Fort Wayne
Indianapolis (Cold Spr. Rd.)
Marion

IOWA
Knoxville

KANSAS
Leavenworth
Topeka
Wichita

KENTUCKY
Ft. Thomas (Cincinnati, VAMC)
Lexington (Leestown)

LOUISIANA
Alexandria

MAINE
Togus

MARYLAND
Fort Howard
Perry Point

MASSACHUSETTS
Bedford
Brockton
Northampton

MICHIGAN
Allen Park
Ann Arbor
Battle Creek
Iron Mountain
Saginaw

MINNESOTA
St. Cloud

MISSISSIPPI
Biloxi (Biloxi)
Jackson

MISSOURI
Columbia
Poplar Bluff
St. Louis (Jefferson Barracks)

MONTANA
Miles City

NEBRASKA
Grand Island

NEVADA
Reno

NEW HAMPSHIRE
Manchester

NEW JERSEY
East Orange
Lyons

NEW MEXICO
Albuquerque

NEW YORK
Albany
Batavia
Bath
Brooklyn
(St. Albans)
Buffalo
Canandaigua
Castle Point
Montrose
Syracuse

NORTH CAROLINA
Asheville
Fayetteville
Salisbury

NORTH DAKOTA
Fargo

OHIO
Chillicothe
Cleveland
(Brecksville)
Dayton

OREGON
Roseburg

PENNSYLVANIA
Altoona
Butler
Coatesville
Erie
Lebanon
Pittsburgh
(Aspinwall)
Wilkes-Barre

SOUTH CAROLINA
Columbia

SOUTH DAKOTA
Sioux Falls

TENNESSEE
Memphis
Mountain Home
Murfreesboro

TEXAS
Big Spring
Bonham
Houston
Kerrville
Temple
Waco

UTAH
Salt Lake City

VERMONT
White River Junction

VIRGINIA
Hampton
Richmond
Salem

WASHINGTON
American Lake (Tacoma
Seattle
Vancouver

WEST VIRGINIA
Beckley
Martinsburg

WISCONSIN
Tomah
Wood

WYOMING
Cheyenne

VA OUTPATIENT CLINICS (227)

ALABAMA
Birmingham
Mobile (sub-station)
Montgomery
Tuscaloosa
Tuskegee

ALASKA
Anchorage

ARIZONA
Phoenix
Prescott
Tucson

ARKANSAS
Fayetteville
Little Rock (2)

CALIFORNIA
Fresno
Livermore
Loma Linda
Long Beach
Los Angeles (3)
Martinez
Oakland (sub-station)
Palo Alto (2)
Sacramento (sub-station)
San Diego (2)
San Francisco
Santa Barbara (sub-station)
Sepulveda

COLORADO
Denver
Fort Lyon
Grand Junction
Colorado Springs

CONNECTICUT
Newington
West Haven

DELAWARE
Wilmington

DISTRICT OF COLUMBIA
Washington

FLORIDA
Bay Pines
Ft Myer (sub-station)
Gainesville
Jacksonville (sub-station)
Lake City
Miami
Orlando (sub-station)
Riviera Beach (sub-station)
Port Richey
Tampa
Oakland Park

GEORGIA
Atlanta
Augusta (2)
Dublin

HAWAII
Honolulu

IDAHO
Boise

ILLINOIS
Chicago (2)
Danville
Hines
Marion
North Chicago
Peoria (sub-station)

INDIANA
Evansville (sub-station)
Fort Wayne
Indianapolis (2)
Marion

IOWA
Des Moines
Iowa City
Knoxville

KANSAS
Leavenworth
Topeka
Wichita

KENTUCKY
Lexington (2)
Louisville

LOUISIANA
Alexandria
Baton Rogue (sub-station)
New Orleans
Shreveport

MAINE
Togus

MARYLAND
Baltimore (2)
Fort Howard
Perry Point

MASSACHUSETTS
Bedford
Boston (2)
Brockton
Lowell (sub-station)
New Bedford (sub-station)
Northampton
Springfield (sub-station)
West Roxbury
Worchester (sub-station)

MICHIGAN
Allen Park
Ann Arbor
Battle Creek
Grand Rapids (sub-station)
Iron Mountain
Saginaw

MINNESOTA
Minneapolis
St. Cloud
St. Paul

MISSISSIPPI
Biloxi (2)
Jackson

MISSOURI
Columbia
Kansas City
Poplar Bluff
St. Louis (2)

MONTANA
Fort Harrison
Miles City

NEBRASKA
Grand Island
Lincoln
Omaha

NEVADA
Las Vegas (sub-station)
Reno

NEW HAMPSHIRE
Manchester

NEW JERSEY
East Orange
Lyons
Newark

NEW MEXICO
Albuquerque

NEW YORK
Albany
Batavia
Bath
Bronx
Brooklyn (3)
Buffalo
Canandaigua
Castle Point
Montrose
New York (2)
Northport
Rochester (sub-station)
Syracuse

NORTH CAROLINA
Asheville
Durham
Fayetteville
Salisbury
Winston-Salem

NORTH DAKOTA
Fargo

OHIO
Canton (sub-station)
Chillicothe
Cincinnati
Cleveland (2)
Columbus
Dayton
Toledo (sub-station)
(Ann Arbor, MI)

OKLAHOMA
Muskogee
Oklahoma City
Tulsa (sub-station)

OREGON
Portland (2)
Roseburg
White City

PENNSYLVANIA
Allentown (sub-station)
Altoona
Butler
Coatesville
Erie
Harrisburg (sub-station)
Lebanon
Philadelphia (2)
Pittsburgh (4)
Sayre
Wilkes-Barre

RHODE ISLAND
Providence

SOUTH CAROLINA
Charleston
Columbia
Greenville (sub-station)

SOUTH DAKOTA
Fort Meade
Hot Springs
Sioux Falls

TENNESSEE
Chattanooga (sub-station)
Knoxville (sub-station)
Memphis
Mountain Home
Murfreesboro
Nashville

TEXAS
Amarillo
Beaumont
Big Spring
Bonham
Corpus Christi (sub-station)
Dallas
El Paso
Houston
Kerrville
Lubbock
Marlin
McAllen (sub-station)
San Antonio (2)
Temple
Waco

UTAH
Salt Lake City

VERMONT
White River Junction

VIRGINIA
Hampton
Richmond
Salem

WASHINGTON
American Lake (Tacoma)
Seattle
Spokane
Vancouver (Portland, OR)
Walla Walla

WEST VIRGINIA
Beckley
Clarksburg
Huntington
Martinsburg

WISCONSIN
Madison
Tomah
Wood

WYOMING
Cheyenne
Sheridan

PHILIPPINES
Manila

PUERTO RICO
Mayaguez (sub-station)
Ponce (sub-station)
San Juan

OUTREACH PROGRAM CENTERS (154)

ALABAMA
Birmingham
Mobile

ALASKA
Anchorage
Fairbanks
Kenai
Wasilla

ARIZONA
Phoenix
Tucson

ARKANSAS
Little Rock

CALIFORNIA
Anaheim
Concord
Fresno
Los Angeles (2)
Montabello
Northridge
Oakland
Riverside
San Diego
San Francisco (2)
San Jose (2)
Escondido
San Bernadino

COLORADO
Colorado Springs
Denver
Boulder

CONNECTICUT
Hartford
New Haven

DELAWARE
Wilmington

DISTRICT OF COLUMBIA
Washington

FLORIDA
Ft. Lauderdale
Jacksonville
Miami
Orlando
St. Petersburg
Tampa

GEORGIA
Atlanta

HAWAII
Honolulu

IDAHO
Boise
Pocatello

ILLINOIS
Chicago
Chicago Heights
Oak Park
Peoria
Moline

INDIANA
Evansville
Fort Wayne
Indianapolis

IOWA
Des Moines
Sioux City

KANSAS
Wichita

KENTUCKY
Lexington
Louisville

LOUISIANA
New Orleans
Bossier

MAINE
Bangor
Portland

MARYLAND
Baltimore (2)
Elkton
Silver Spring

MASSACHUSETTS
Boston
Lowell
New Bedford
Springfield
Avon

MICHIGAN
Lincoln Park
Grand Rapids
Oak Park

MINNESOTA
Duluth
St. Paul

MISSISSIPPI
Jackson
Biloxi

MISSOURI
Kansas City
St. Louis

MONTANA
Billings
Missoula

NEBRASKA
Lincoln
Omaha

NEVADA
Las Vegas
Reno

NEW HAMPSHIRE
Manchester

NEW JERSEY
Jersey City
Newark
Trenton

NEW MEXICO
Albuquerque
Gallup
Santa Fe

NEW YORK
Albany
Babylon
Bronx
Brooklyn
Buffalo
Queens
Manhatten
White Plains

NORTH CAROLINA
Charlotte
Fayetteville

NORTH DAKOTA
Fargo
Minot

OHIO
Cincinnati
Cleveland (2)
Columbus
Dayton
Cleveland

OKLAHOMA
Oklahoma City
Tulsa

OREGON
Eugene
Portland

PENNSYLVANIA
Harrisburg
Monroeville
Philadelphia (2)
Pittsburgh
Erie

RHODE ISLAND
Pawtucket

SOUTH CAROLINA
Greenville
No. Charleston
Columbia

SOUTH DAKOTA
Rapid City
Sioux Falls

TENNESSEE
Knoxville
Memphis

TEXAS
Austin
Dallas
El Paso
Fort Worth
Houston
Laredo
San Antonio (2)
Corpus Christi

UTAH
Salt Lake City

VERMONT
Williston
White River Junction

VIRGINIA
Norfolk
Richmond

WASHINGTON
Seattle
Spokane
Tacoma

WEST VIRGINIA
Huntington (2)
Morgantown

WISCONSIN
Madison
Milwaukee

WYOMING
Casper
Cheyenne

PUERTO RICO
Rio Piedras
St. Croix
St. Thomas

VIRGIN ISLANDS

US VETERANS ASSISTANCE CENTERS (2)

CALIFORNIA
Compton
E. Los Angeles

NATIONAL CEMETERY AREA OFFICES (3)

COLORADO
Denver

GEORGIA
Atlanta

PENNSYLVANIA
Philadelphia

VA NATIONAL CEMETERIES (109)

ALABAMA
Mobile

ALASKA
FT Richardson
Sitka

ARIZONA
Prescott

ARKANSAS
Fayetteville
Fort Smith
Little Rock

CALIFORNIA
Los Angeles
Riverside
San Bruno
San Diego
San Francisco

COLORADO
Denver
Fort Lyon

FLORIDA
Bay Pines
Pensacola
St. Augustine

GEORGIA
Marietta

HAWAII
Honolulu

ILLINOIS
Alton
Danville
Mound City
Quincy
Rock Island
Springfield

INDIANA
Indianapolis
Marion
New Albany

IOWA
Keokuk

KANSAS
Fort Leavenworth
Fort Scott
Leavenworth

KENTUCKY
Danville
Lebanon
Lexington
Louisville (2)
Nancy
Nicholasville

LOUISIANA
Baton Rouge
Pineville
Zachary

MAINE
Togus

MARYLAND
Annapolis
Baltimore (2)

MASSACHUSETTS
Bourne

MICHIGAN
Ft. Custer

MINNESOTA
St. Paul

MISSISSIPPI
Biloxi
Corinth
Natchez

MISSOURI
Jefferson City
St. Louis
Springfield

NEBRASKA
Maxwell

NEW JERSEY
Beverly
Salem

NEW MEXICO
Bayard
Santa Fe

NEW YORK
Bath
Brooklyn
Calverton
Elmira
Farmingdale, L.I.

NORTH CAROLINA
New Bern
Raleigh
Salisbury
Wilmington

OHIO
Dayton

OKLAHOMA
Fort Gibson

OREGON
Portland
Roseburg
Eagle Point/White City

PENNSYLVANIA
Annville
Philadelphia

SOUTH CAROLINA
Beaufort
Florence

SOUTH DAKOTA
Fort Meade
Hot Springs
Sturgis

TENNESSEE
Chattanooga
Knoxville
Madison
Memphis
Mountain Home

TEXAS
Fort Bliss
Houston
Kerrville
San Antonio (2)

VIRGINIA
Alexandria
Culpeper
Danville
Hampton (2)
Hopewell
Leesburg
Mechanicsville
Triangle
Richmond (3)
Sandston
Staunton
Winchester

WEST VIRGINIA
Grafton

WISCONSIN
Wood

PUERTO RICO
Bayamon

BUDGET AUTHORITY
1978-1987
(dollars in thousands)

	ACTUALS								ESTIMATES	
Appropriation/Fund Account	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Federal funds:										
Benefit programs:										
Compensation and pensions	$9,636,400	...	...	...	...	...	...	...	...	...
Compensation	...	$6,909,452	$7,337,300	$8,529,783	$9,590,493	$9,565,916	$9,952,512	$10,232,458	$10,465,000	$10,406,000
Pensions	...	3,554,848	3,678,800	3,794,177	4,047,600	3,741,634	3,916,000	3,809,870	3,834,000	3,824,000
Burial benefits and miscellaneous assistance	...	178,545	185,700	207,684	140,057	122,250	128,388	132,572	127,999	134,400
Readjustment benefits	2,617,778	2,509,555	2,318,535	2,349,673	1,964,100	1,666,800	1,443,200	1,130,800	877,569	741,150
Veterans insurance and indemnities	3,712	5,750	5,400	5,406	9,350	6,400	7,400	11,000	9,745	4,770
Reinstated entitlement program for survivors	...	...	...	...	...	...	51,000	...	...	...
Emergency veterans job training ..	...	...	...	...	...	...	130,000	...	...	...
Loan guaranty revolving fund	...	...	...	...	...	...	260,000	306,600	200,000	...
Education loan fund	17,200	...	...	...	...	...	...	...	...	...
Vocational rehabilitation revolving fund	...	...	...	1,250	...	...	...	...	...	...
Total benefit programs	12,275,090	13,158,150	13,530,735	14,892,973	15,751,600	15,103,000	15,888,500	15,623,300	15,514,313	15,110,320
Medical programs:										
Medical care	4,924,649	5,374,374	5,832,039	6,339,396	7,101,028	7,773,254	8,244,414	8,941,169	9,130,137	9,083,983
Medical and prosthetic research ..	111,053	122,847	125,847	140,070	140,855	154,839	217,680	192,695	181,127	188,915
Medical administration and miscellaneous operating expenses	43,316	47,058	48,205	52,809	69,369	56,420	66,552	67,891	51,222	42,694
Grants for construction of state extended care facilities	15,000	10,000	7,500	15,000	15,840	18,000	18,000	34,500	20,822	42,400
Grants to the republic of the philippines	1,700	500	1,350	1,200	1,000	500	500	500	474	500
Assistance for health manpower training institutions	53,411	104,905	...	...	...	...	...	...	...	...
Total medical programs	5,169,129	5,659,684	6,014,941	6,548,475	7,328,092	8,003,013	8,547,146	9,236,755	9,383,782	9,358,492
Construction programs:										
Construction, major projects	393,689	365,560	321,292	216,614	372,270	670,792	345,692	568,194	485,544	301,208
Construction, minor projects	95,234	86,345	73,233	108,908	102,010	141,748	185,378	199,823	131,061	106,962
Total construction programs	488,923	451,905	394,525	370,522	474,280	812,540	531,070	768,017	616,605	408,170
General operating expenses and misc.										
General operating expenses	581,850	631,675	611,609	643,251	662,057	690,152	715,676	753,954	712,835	762,579
Grants for the construction of state veterans cemeteries	...	...	5,000	5,000	...	2,500	3,000	5,000	2,839	...
Total general operating expenses & miscellaneous	581,850	631,675	616,609	648,251	662,057	692,652	718,676	758,954	715,674	762,579

BUDGET AUTHORITY
1978-1987
(dollars in thousands)

Appropriation/Fund Account	ACTUALS								ESTIMATES	
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Federal funds (continued):										
Total appropriations (adjusted)	18,514,992	19,901,414	20,551,810	22,455,221	24,216,029	24,611,205	25,685,392	26,387,026	26,219,974	25,814,457
Proposed legislation:										
Compensation	...	...	...	...	...	...	...	...	...	305,500
Burial benefits	...	...	...	...	...	...	...	...	...	-31,200
Medical care	...	...	...	...	...	...	...	...	...	2,327
General operating expenses	...	...	...	...	...	...	...	...	...	952
Post-Vietnam era veterans education account	...	...	...	...	...	...	...	...	...	59,200
Proprietary receipts from the public	...	...	...	...	...	...	...	...	-10,400	-161,883
Total proposed legislation	...	...	...	...	...	...	...	...	-10,400	174,896
Deduct: Proprietary receipts from the public	-3,138	-3,821	-2,450	-2,942	-3,476	-77,510	-59,070	...	...	...
Total federal funds	18,511,854	19,897,593	20,549,360	22,452,279	24,212,553	24,533,695	25,626,322	26,387,026	26,230,374	25,639,561
Trust funds:										
Post-vietnam era veterans education account	31,736	70,788	111,302	142,245	161,057	222,315	224,776	290,399	441,600	293,500
General post fund	6,305	6,460	7,414	7,707	9,942	10,667	13,447	11,521	13,500	14,500
National service life insurance	939,727	982,543	1,044,166	1,104,104	1,163,633	1,202,072	1,248,781	1,304,888	1,360,800	1,392,900
U.S Government life insurance	36,153	38,310	37,968	34,152	31,209	26,268	23,279	21,556	19,220	17,320
Total trust funds (gross)	1,013,920	1,098,101	1,200,850	1,288,208	1,365,841	1,461,322	1,510,283	1,628,364	1,835,120	1,718,220
Deduct: Proprietary receipts from the public	-512,960	-526,328	-572,587	-600,967	-612,103	-605,105	-617,028	-636,704	-857,785	-732,643
Total trust funds (net)	500,960	571,773	628,263	687,241	753,738	856,217	893,255	991,660	977,335	985,577
Deduct: Intragovernmental transactions	-2,472	-2,369	-3,014	-6,640	-21,521	-65,911	-51,008	-80,412	-173,436	-184,576
Total Veterans Administration	$19,010,342	$20,466,997	$21,174,609	$23,132,880	$24,944,770	$25,324,001	$26,468,569	$27,298,274	$27,023,873	$26,615,458

BUDGET OUTLAYS
1978-1987
(dollars in thousands)

	ACTUAL								ESTIMATES	
Appropriation/Fund Account	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Federal funds										
Benefit programs:										
Compensation and pensions	$9,572,817	...	...	...	...	...	...	...	...	...
Compensation	...	$6,743,320	$7,433,501	$8,425,760	$9,276,429	$9,843,853	$9,915,741	$10,243,044	$10,453,000	$10,415,000
Pensions	...	3,521,725	3,585,368	3,755,107	3,879,396	3,893,900	3,874,220	3,841,865	3,835,000	3,825,000
Burial benefits and miscellanous assistance	...	176,881	183,213	208,135	140,060	122,250	128,388	132,572	128,007	134,392
Readjustment benefits	3,361,716	2,810,812	2,416,979	2,332,121	2,005,365	1,713,702	1,408,267	1,173,667	910,422	754,897
Veterans insurance and indemnities	3,459	4,421	3,919	8,174	9,255	6,629	7,167	10,916	9,745	4,770
Reinstated entitlement program for survivors	...	...	...	...	...	...	44,802	-15,326	14,970	...
Emergency veterans job training	...	...	...	...	...	...	17,078	68,838	49,200	5,384
Loan guaranty revolving fund	80,236	207,112	27,557	277,820	183,027	239,268	369,847	278,462	285,450	148,900
Direct loan revolving fund	-38,990	-65,358	-67,154	-128,274	-62,266	-139,764	-44,573	-40,675	-44,740	-43,453
Service-disabled veterans insurance fund	2,119	893	2,789	-485	-2,563	432	-395	-3,168	-587	5,120
Veterans reopened insurance fund	-28,624	-27,900	-17,227	-13,778	-18,659	-22,475	-15,864	11,417	43,603	-4,540
Education loan fund	34,593	6,367	3,338	987	-5,187	-6,577	-6,780	-6,325	-6,900	-6,657
Vocational rehabilitation revolving fund	-1	23	8	-37	59	-21	24	-41	-30	10
Servicemen's group life insurance fund	-464	464	-146	118	-39,998	-39,751	-27,010	-19,750	25,300	35,100
Total benefit programs	12,986,861	13,378,760	13,572,377	14,866,862	15,365,779	15,611,446	15,670,912	15,675,496	15,702,440	15,273,923
Medical programs:										
Medical care	4,809,318	5,159,544	5,981,288	6,320,088	6,851,668	7,602,087	8,123,794	8,721,690	9,067,560	8,960,952
Medical and prosthetic research	111,747	117,270	130,912	135,288	135,258	151,583	186,289	215,124	181,491	187,332
Medical administration and miscellaneous operating expenses	41,645	42,621	50,052	49,461	51,546	58,365	64,581	65,571	55,631	43,952
Grants for construction of State extended care facilities	6,900	14,303	14,223	9,002	15,253	13,612	5,154	20,364	20,148	25,504
Grants to the Republic of the Philippines	1,770	187	1,330	1,202	182	353	454	339	1,063	486
Assistance for health manpower training institutions	39,533	40,672	42,406	47,175	34,377	17,467	5,252	2,171	1,680	...
Construction and operation of garage and parking facilities	...	...	-122	-134	80	176	...	...	...	...
Canteen service revolving fund	-2,788	-3,250	-887	-1,632	-803	-5,333	1,224	-11,027	-5,411	1,474
Special therapeutic and rehabilitation activities fund	-161	-164	-191	-48	-175	-10	-72	-112	-130	-30
Consolidated working fund	-250	3	1,369	...	...	...	...	...	...	...
Total medical programs	5,007,715	5,371,186	6,220,380	6,560,402	7,087,386	7,838,300	8,386,676	9,014,120	9.322,032	9,219,670

LEGISLATIVE AUTHORIZATION OF PROGRAMS

The authorizations for VA's programs are contained in Title 38 of the U.S. Code. With the exception of major medical construction projects and certain leases, annual authorization by the legislative committees and the Congress is not required. However, Title 38 does provide for certain multiple-year authorizations for specific purposes. The authorization of the following items is limited by Title 38 in regard to the time and/or amount as indicated:

Item	Section of Title 38	Annual Authorization	Expiration Date
Pensions:			
O Vocational training for certain new pension recipients.	524	As appropriated	Jan. 31, 1989
Readjustment Benefits:			
O All-Volunteer Force Education Assistance Programs.	1401	As Appropriated	June 30, 1988
Veterans Job Training Act.	P.L. 99-238	-0-	July 1, 1987
Loan Guaranty:			
O One percent funding fee on guatanteed loans and vendee (direct) loans.	P.L. 98-369	-0-	Sept. 30, 1987
Medical operating appropriations:			
Medical care:			
O Authorizes non-service-connected contract hospital care and outpatient services in the territories, commonwealth and possessions of the United States--with certain provisions.	601(4)(C)(v)	-0-	Sept. 30, 1988
O Phase out of Special Authority in Puerto Rico.	601(4)(c)(v)	Various	Sept. 30, 1988
O Authorizes the readjustment counseling programs for veterans of the Vietnam era.	612A(g)(1)	-0-	Sept. 30, 1988
O Pilot Vietnam Veterans Resources Centers programs.	612A (h)(1)	-0-	Sept. 30, 1988
O Authorizes medical treatment for disabilities resulting from Agent Orange, toxic substances, or radiation.	610(e)(1)(A)(ii)(B)(3)	-0-	Sept. 30, 1989
O Pilot drug and alcohol treatment program.	620(A)(e)	-0-	Sept. 30, 1988
O Pilot program for preventive health care furnished to service-connected veterans rated 50 percent or more.	663	$15,000,000	Sept. 30. 1988
O Adult day health-care services.	620(F)(1)(B)(3)	-0-	Sept. 30 1988
O Pilot chiropractic services program.	109	$2,000,000	Dec. 31, 1988
Medical administration and miscellaneous operating expenses:			
O Establishes a VA Health Professional Scholarship Program.	4141(b)	As Appropriated	End of 10th Fiscal Year beginning after award of first such scholarship.

Item	Section of Title 38	Annual Authorization	Expiration Date
Grants for construction of State extended care facilities:			
0 Grants to States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify or alter existing hospitals, nursing homes and domiciliary facilities in State homes, for furnishing care to veterans. Authorization to extend this program through Sept. 30, 1991 will be proposed.	5033(a)	As Appropriated	Sept. 30, 1986
Grants to the Republic of the Philippines:			
0 Grants to Veterans Memorial Medical Center for replacing and upgrading equipment and rehabilitating physical plant and facilities. Authorization to extend this program through Sept. 30, 1988 will be proposed.	632(b) (1)	500,000	Sept. 30, 1986
General operating expenses:			
0 Maintenance of the VA Regional Office in the Republic of the Philippines.	230(b)	-0-	Sept. 30, 1988
Grants for the construction of State veterans cemeteries:			
0 Provides grants to the States for the establishment, expansion, and improvement of Veterans cemeteries.	1008	3,000,000	Sept. 30, 1989

BUDGET OUTLAYS
1978-1987
(dollars in thousands)

Table Continued

Appropriation/Fund Account	ACTUALS 1978	1979	1980	1981	1982	1983	1984	1985	ESTIMATES 1986	1987
Federal funds (Continued):										
Construction programs:										
Construction, major projects	161,930	150,232	189,506	307,558	345,232	337,782	352,805	397,966	424,804	536,688
Construction, minor projects	81,332	86,265	105,168	97,773	83,355	90,872	122,663	123,512	130,277	150,340
Total construction programs	243,262	236,497	294,675	403,331	428,678	428,654	475,468	521,478	555,081	687,028
General operating expenses and misc.										
General operating expenses	558,082	603,295	629,295	624,133	649,939	673,710	704,093	724,048	715,425	758,945
Grants for the construction of State veterans cemeteries	...	...	234	674	861	1,593	849	534	2,600	372
Supply fund	43	-7,596	-4,249	-841	-11,511	-22,376	-9,477	-14,543	...	...
Total general operating expenses & misc	558,125	595,699	625,280	623,966	639,289	652,927	695,465	710,039	718,025	759,317
Total appropriations and funds .	18,795,962	19,582,143	20,713,155	22,453,887	23,520,271	24,531,327	25,228,521	25,921,133	26,297,578	25,939,938
Proposed legislation:										
Compensation	...	...	...	...	...	...	...	...	...	275,000
Burial benefits	...	...	...	...	...	...	...	...	...	-31,200
Loan guaranty revolving fund	...	...	...	...	...	...	...	...	...	-131,800
Education loan fund	...	...	...	...	...	...	...	...	...	-44
Medical care	...	...	...	...	...	...	...	...	...	2,327
General operating expenses	...	...	...	...	...	...	...	...	...	952
Proprietary receipts from the public	...	...	...	...	...	...	...	...	-10,400	-161,883
Total proposed legislation	...	...	...	...	...	...	...	...	-10,400	-46,648
Deduct: Proprietary receipts from the public	-3,138	-3,821	-2,450	-2,942	-3,476	-77,510	-59,070	...	...	...
Total federal funds	18,792,824	19,578,322	20,710,705	22,450,945	23,516,795	24,453,817	25,169,451	25,921,133	26,287,178	25,893,290
Trust funds:										
Post-vietnam era veterans education account	10	13,815	32,653	62,777	107,453	140,329	153,996	182,458	231,000	217,800
General post fund	5,032	5,547	6,186	6,887	7,641	9,449	10,479	11,400	12,500	13,500
National service life insurance ...	667,762	785,393	928,228	965,147	925,291	890,928	922,003	955,965	1,066,588	1,170,400
U.S. Government life insurance	66,973	70,841	76,317	70,048	64,332	59,851	51,879	45,698	44,230	41,200
Veterans special life insurance ...	-55,051	-38,049	-44,317	-44,194	-50,510	-56,486	-57,992	-66,823	-71,910	-66,300
Total trust funds (gross)	684,761	837,547	999,433	1,060,665	1,054,207	1,044,071	1,082,365	1,128,698	1,282,408	1,376,600
Deduct: Proprietary receipts from the public	-512,960	-526,328	-572,587	-600,967	-612,103	-605,105	-617,028	-636,704	-857,785	-732,643
Total trust funds (net)	171,800	311,219	426,846	459,698	442,104	438,966	465,337	491,660	424,623	643,957
Deduct: Intragovernmental transactions	-2,472	-2,369	-3,014	-6,640	-21,521	-65,911	-51,008	-80,412	-173,436	-184,576
Total Veterans Administration	$18,962,152	$19,887,172	$21,134,537	$22,904,003	$23,937,378	$24,826,872	$25,583,780	$26,332,715	$26,538,365	$26,352,671

TOTAL AVERAGE EMPLOYMENT

1978-1987

									ESTIMATE	
	1978	1979	1980	1981	1982	1983	1984	1985	1986 1/	1987
Medical programs:										
Medical care	184,258	181,088	185,054	184,242	186,154	188,111	189,865	193,229	192,635	185,093
Proposed Legislation	...	...	...	...	...	...	...	...	...	99
Medical and prosthetic research	4,367	4,416	4,360	4,295	4,066	4,281	4,394	4,551	4,368	4,266
Medical administration and miscellaneous operating expenses	777	781	831	866	853	862	875	809	664	591
Canteen service revolving fund	3,495	3,529	3,442	3,552	3,495	3,496	3,510	3,443	3,530	3,530
Consolidated working fund	53	...	...	...	...	...	...	...	...	...
Total medical programs	184,753	192,950	189,814	193,687	192,955	194,568	196,750	202,032	201,197	193,579
Office of Procurement and Supply	671	680	679	669	643	610	625	602	613	589
Construction programs:										
Construction, major projects	...	...	...	...	8	17	26	49	50	50
Construction, minor projects	716	744	730	750	768	791	835	768	734	783
Total construction programs	716	744	730	750	776	808	861	817	784	833
General operating expenses:										
Department of Veterans Benefits	18,745	18,076	16,914	15,986	15,227	14,698	14,109	13,416	12,600	13,000
Department of Memorial Affairs	1,137	1,143	1,111	1,164	1,151	1,170	1,208	1,219	1,176	1,189
General administration	4,298	4,469	4,345	4,331	4,487	4,445	4,604	4,725	4,525	4,123
Proposed Legislation	...	...	...	...	...	...	...	...	...	25
Total General operating expenses .	24,180	23,683	22,370	21,481	20,865	20,313	19,921	19,360	18,301	18,337
Total Veterans Administration ...	218,517	214,926	217,466	215,855	216,852	218,481	220,051	222,811	220,895	213,338

1/ Although a ceiling has been provided, the 1986 estimate is lower than the ceiling provided and reflects the effect of sequestration associated with P.L. 99-177.

AVERAGE CEILING EMPLOYMENT

1978-1987

	1978	1979	1980	1981	1982	1983	1984	1985	ESTIMATE 1986 1/	ESTIMATE 1987
Medical programs:										
Medical care	183,219	179,311	183,388	182,933	184,781	186,749	188,676	192,033	191,564	183,993
Proposed Legislation	...	...	...	...	...	...	...	...	...	99
Medical and prosthetic research	4,355	4,402	4,352	4,287	4,061	4,275	4,386	4,543	4,348	4,246
Medical administration and miscellaneous operating expenses	753	747	801	839	825	829	848	802	664	591
Canteen service revolving fund	3,484	3,516	3,430	3,546	3,490	3,492	3,503	3,436	3,500	3,500
Consolidated working fund	53	...	...	...	...	...	...	...	...	...
Total medical programs	191,864	187,976	191,971	191,605	193,157	195,345	197,413	200,814	200,076	192,429
Office of Procurement and Supply	668	676	675	662	638	606	618	593	610	586
Construction programs:										
Construction, major projects	...	...	...	...	...	...	...	...	...	...
Construction, minor projects	703	731	719	740	761	752	761	714	684	733
Total construction programs	703	731	719	740	761	752	761	714	684	733
General operating expenses:										
Department of Veterans Benefits	18,613	17,870	16,757	15,834	15,122	14,620	14,051	13,374	12,581	12,981
Department of Memorial Affairs	1,129	1,130	1,101	1,152	1,142	1,164	1,202	1,211	1,176	1,189
General administration	4,264	4,402	4,288	4,283	4,442	4,393	4,559	4,684	4,525	4,123
Proposed Legislation	...	...	...	...	...	...	...	...	...	25
Total General operating expenses	24,006	23,402	22,146	21,269	20,706	20,177	19,812	19,289	18,282	18,318
Total Veterans Administration	217,241	212,785	215,511	214,276	215,262	216,880	218,604	221,390	219,652	212,066

1/ Although a ceiling has been provided, the 1986 estimate is lower than the ceiling provided and reflects the effect of sequestration associated with P.L. 99-177.

SELECTED WORKLOADS - (EXISTING LEGISLATION)

1978-1987

									ESTIMATES	
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Benefit programs:										
Compensation and pensions:										
Average number of cases (000's)	4,906	4,842	4,700	4,585	4,484	4,339	4,196	4,057	3,929	3,811
Compensation - Veterans	2,254	2,262	2,268	2,276	2,284	2,268	2,256	2,245	2,232	2,217
- Survivors	363	361	359	356	354	348	344	338	332	326
Pensions - Veterans	1,021	997	941	892	851	797	750	706	668	634
- Survivors	1,268	1,222	1,132	1,061	995	926	846	768	697	634
Burial benefits:										
Number of burial allowances	320,839	313,651	324,033	361,000	313,000	119,680	135,640	132,271	129,200	124,500
Number of burial flags	386,152	296,117	272,743	346,000	330,000	314,662	341,555	340,592	350,000	360,000
Number of burial plot allowances	293,939	283,454	293,245	326,000	338,000	279,115	308,753	305,326	315,000	320,000
Headstone/Marker orders placed	218,655	...	203,966	237,000	250,000	246,896	283,000	300,000	300,000	308,000
Number of interments	36,744	...	39,248	41,811	41,422	44,684	47,021	50,489	53,000	54,500
Readjustment benefits:										
Number of trainees (000's)	1,660	1,411	1,234	1,072	911	785	678	540	516	470
Post-Korean conflict/Vietnam era veterans	1,522	1,279	1,107	949	778	644	528	402	321	252
Sons and daughters	88	86	83	83	80	71	64	55	47	38
Spouses and widow(ers)	19	17	13	12	11	9	8	7	5	4
Vocational rehabilitation	31	29	29	20	31	31	29	27	26	26
Post-Vietnam trainees	...	...	2	8	11	30	49	48	61	67
Peacetime veterans	...	...	...	...	...	...	...	...	...	1
Reservists	...	...	...	...	...	...	...	1	56	82
Educational loan fund:										
Educational loans granted	28,932	...	7,846	6,019	1,441	139	56	58	50	45
Loan guaranty revolving fund:										
Number of guaranteed or insured loans closed	380,472	364,578	297,247	187.628	103,439	245,122	251,588	178,931	174,200	200,000
Post-Korean conflict veterans and all other	93,697	92,911	82,466	53,797	30,837	79,918	82,377	62,850	63.700	70,000
Vietnam era veterans	218,390	208,342	164,144	97,206	48,213	112,339	109,548	74,665	72,540	84,000
World War II veterans	20,160	17,767	14,660	8,728	4,313	9,573	9,071	5,692	5,460	6,000
Servicepersons	48,225	45,558	35,977	27,897	20,076	43,292	50,592	35,724	32,500	40,000
Direct loan revolving fund:										
Number of direct loans closed	1,830	1,419	1,160	17	21	22	8	7	8	8
Insurance programs (000's)										
Insurance policies in force	7,985	7,819	7,712	7,659	7,663	7,551	7,357	7,268	7,136	7,011
Veterans	4,792	4,681	4,568	4,450	4,318	4,187	3,993	3,869	3,737	3,612
Servicemen	3,193	3,138	3,144	3,209	3,345	3,364	3,364	3,399	3,399	3,399

SELECTED WORKLOADS - (EXISTING LEGISLATION)

1978-1987

									ESTIMATES	
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Medical programs:										
Inpatient workloads:										
Hospital care (VA and Non-VA):										
Admissions	1,193,246	1,195,098	1,215,401	1,217,342	1,210,828	1,249,690	1,263,348	1,283,226	1,278,056	1,220,797
Census	75,390	71,983	70,251	68,479	66,582	66,637	64,594	60,756	58,968	56,256
Patients treated	1,266,651	1,265,712	1,282,966	1,284,196	1,276,383	1,315,243	1,324,645	1,341,000	1,336,351	1,276,395
Nursing home care (VA and Non-VA):										
Admissions	27,823	28,540	29,073	30,164	34,049	37,131	39,247	44,043	44,044	45,386
Census	20,422	21,089	22,048	22,348	24,439	25,980	27,136	28,846	30,757	31,827
Patients treated	47,741	49,372	22,048	51,881	57,846	62,798	65,627	72,889	74,801	77,213
Domiciliary care (VA and Non-VA):										
Admissions	12,382	12,278	10,746	11,142	10,876	10,846	10,125	11,253	11,348	11,443
Census	13,957	13,744	12,786	11,925	11,580	11,341	10,637	10,313	10,734	10,829
Patients treated	27,722	27,077	24,966	24,179	23,318	22,942	21,579	21,566	22,082	22,272
Outpatient workloads:										
Medical visits: (000)	17,417	17,262	17,972	17,932	17,971	18,519	18,597	19,586	19,678	18,564
Staff	15,070	15,053	15,752	15,828	16,024	16,627	16,935	17,790	17,790	16,676
Fee	2,347	2,209	2,220	2,104	1,947	1,892	1,662	1,796	1,888	1,888
Dental:										
Staff										
Examinations	127,278	128,195	157,601	155,453	159,964	119,760	120,498	185,306*	190,000	190,000
Treatments	127,167	134,769	149,594	155,205	166,352	178,684	194,800	172,408	180,000	180,000
Fee cases authorized	89,440	67,749	71,550	74,528	51,932	30,881	23,913	22,588	22,000	22,000
CHAMPVA:										
Hospital average census	480	492	432	426	471	372	369	382	329	382
Outpatient fee visits	182,000	179,000	158,074	141,195	154,169	130,852	141,405	305,368*	251,956	292,576

* Workload reflects more accurate reporting for Dental and Champva programs beginning in 1985.

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VETERAN POPULATION

End of Fiscal Period

(in thousands)

Period of Service	Estimates								Projections	
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Spanish-American War	*	*	*	*	*	*	*	*	*	*
World War I	605	530	461	404	348	297	250	208	174	143
Other Peacetime	502	485	469	452	435	419	405	394	369	353
World War II	12,216	11,972	11,720	11,491	11,241	10,978	10,700	10,399	10,124	9,818
Korean Conflict - Total	5,514	5,476	5,434	5,393	5,346	5,294	5,237	5,171	5,105	5,034
No WW II Service	4,371	4,352	4,331	4,308	4,280	4,249	4,215	4,174	4,130	4,085
WW II Service 1/	1,143	1,124	1,104	1,085	1,065	1,044	1,022	997	975	950
Between Korean Conflict and Vietnam Era	3,107	3,097	3,086	3,076	3,064	3,051	3,037	3,022	3,006	2,989
Vietnam Era - Total	7,908	8,032	8,118	8,175	8,210	8,238	8,263	8,271	8,285	8,294
No Korean Conflict Service	7,245	7,367	7,453	7,513	7,551	7,584	7,616	7,634	7,661	7,681
Korean Conflict Service 2/	662	664	665	662	658	653	647	637	624	614
Post-Vietnam Era	500	801	1,120	1,320	1,479	1,623	1,803	2,007	2,295	2,507
TOTAL VETERANS	28,546	28,605	28,640	28,563	28,399	28,202	28,027	27,839	27,759	27,576

1/ Included in WW II Total.   2/ Included in Korean Conflict Total.   *Less than 0.5 (thousand).

Note: All data have been revised to be consistent with the 1980 Decennial Census. Detail may not add to total shown due to rounding.